



**ANNUAL REPORT AND FINANCIAL STATEMENTS**

***YEAR ENDED 31 JULY 2020***

# COLCHESTER INSTITUTE

## Contents

	<b>Page</b>
Reference and administrative details	2
Strategic Report	3
Statement of Corporate Governance and Internal Control	18
Statement of Regularity, Propriety and Compliance	25
Statement of Responsibilities of the Members of the Corporation	26
Independent Auditor's Report on the Financial Statements	27
Independent Reporting Accountant's Report on Regularity	30
Consolidated and College Statement of Comprehensive Income and Expenditure	32
Consolidated and College Statement of Changes in Reserves	33-34
Consolidated and College Balance Sheets	35
Consolidated statement of Cash Flows	36
Notes to Financial Statements	37-63

# COLCHESTER INSTITUTE

## REFERENCE AND ADMINISTRATIVE DETAILS

### Board of Governors

A Andreas  
L Clampin  
P Cook  
M Davies  
P Donnelly  
P Giddings  
L Goodall  
I Kettle  
K Moule  
J Patel  
K Prince  
T Smyth  
R Wainwright

### Clerk to the Governors

H Paton

### College Executive

A Andreas	Principal and Chief Executive
G Horne	Executive Vice Principal: Finance and Corporate Development
J Wognum	Executive Vice Principal: Curriculum, Quality and Planning
M Borges	Vice Principal: Student Services and Support
J Peters	Vice Principal: Curriculum Delivery and Performance

**Principal and Registered Office:** Sheepen Road, Colchester, CO3 3LL

### Professional Advisors

External auditors	Scrutton Bland LLP, Colchester
Internal auditors	RSM Risk Assurances Services LLP, Milton Keynes
Solicitors	Birkett Long LLP, Colchester
Bankers	Barclays Bank plc, Cambridge
Surveyors	Nicholas Percival, Colchester

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

### OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Colchester Institute for the year ended 31 July 2020.

### LEGAL STATUS

- 1 The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Colchester Institute. Colchester Institute is an exempt charity for the purposes of Part 3 the Charities Act 2011.

### MISSION, VISION, VALUES, STRATEGY AND OBJECTIVES

- 2 The year 2019-20 was the third and final year covered by the Strategic Plan, 'Better Careers Begin Here' launched in September 2017 for the three-year period from 2017 – 2020. The vision, mission, values and key priorities are detailed below.

### VISION

- 3 To be an outstanding college, highly acclaimed by students and employers as central to their future success.

### MISSION

- 4 To deliver first-class education, professional development and technical skills training to develop careers and strengthen the local economy.

### VALUES

- 5 Colchester Institute's values are:
  - We place the **success and wellbeing of students** and **an outstanding student experience** at the heart of our choices, decisions and priorities.
  - We have **high expectations** of ourselves, our students and our partners and aim for **excellence** in all aspects of our work.
  - We **value and recognise** the skills and significant contribution made by **all our staff**, in achieving our goals.
  - We **respect** each other, promote **equality**, celebrate **diversity** and **break down barriers** to success.
  - We are **responsive**, and **adapt our provision** to meet the needs of our students, the local economy and local and national priorities for skills development.
  - We act responsibly, with **honesty, integrity and openness**, safeguarding the future health and success of our organisation.

### STRATEGIC PRIORITIES

- 6 The top level Strategic Priorities are:
  1. Colchester Institute will be known for its excellence in teaching, learning and assessment. This will be evidenced by exceptional rates of student progress,

## STRATEGIC REPORT

achievement and progression with outstanding destinations a known characteristic of the College.

2. Colchester Institute will play a greater role in driving local and regional economic growth.
3. Colchester Institute will be valued as a great place to work by staff and recognised as a good employer within the community.
4. Colchester Institute will build further financial resilience. This will allow for greater capital and capacity development, safeguard provision for the future and enable fair reward for staff.
5. Colchester Institute will be a brand that is recognised locally and regionally. The brand will be synonymous with academic and commercial success.

A one year plan outlining the actions required to achieve the strategic ambitions was developed and regular reviews of progress were presented to governors throughout the year at the relevant committees.

## FINANCIAL OBJECTIVES

7 To be in a position to deliver on strategic priorities, the College must continue to improve financial stability. In order that this can be achieved the following financial objectives have been set:

- To continue to develop financial strategies that will ensure year on year improvement in financial health as measured under ESFA methodology.
- To target a return to 'Good' financial health within the rolling four-year financial plan.
- To operate within all current and future financial loan covenants agreed with principal bankers.
- To maintain available cash holding at the commencement of each financial year at no less than 100% of debt servicing costs for such relevant period (c£1m).
- To ensure the ratio of borrowings at the end of each financial year to adjusted operating surplus for each financial year does not exceed 5:1.
- To generate positive cash flow during each year before fixed asset investment.
- To plan cash flow in order to meet the needs of on-going debt service payments (interest and capital), and future capital investment to improve operating performance without the requirement for Exceptional Financial Support.
- To continually review, update and improve monthly management reporting to help provide further information to improve decision making and overall financial management and control.
- To improve the College estate, facilities and equipment by:
  - Generating sufficient funds to ensure that the College can undertake its specified programme of planned maintenance.
  - Generating sufficient funds to ensure that the College can invest in the new technology and equipment required to support learning programmes and business support activities.
- To ensure adequate procedures are in place to protect assets from loss, theft and neglect.
- To strengthen procedures for testing the desirability and affordability of proposals which have a financial implication.
- To maintain confidence of bankers, funding agencies, suppliers, professional advisors by:
  - Providing financial and non-financial returns on time and in the agreed format.
  - Ensuring all returns requiring certification by auditors are unqualified and submitted on time.

## STRATEGIC REPORT

- Adhering to the College's policy to pay all suppliers within 30 days of receipt of invoice or to within negotiated supplier terms.
- Raising awareness of financial issues by providing advice and training to staff, management and governors on funding methodologies, budgeting, procurement and financial procedures.
- Providing adequate information to ensure that relevant stakeholders are kept up-to-date with the financial position.

## EMPLOYED RESOURCES

- 8 Colchester Institute provides professional and technical education and training for the largely rural and coastal populations of the Colchester, Braintree and Tendring districts in North Essex. The total population across the three districts is 486,500, of which 293,000 are of working age and of these 244,300 (83%) were economically active.
- 9 In 2019/20, the College operated from six main delivery sites. Campuses in Colchester, Braintree and Clacton-on-Sea were the place of learning for around 3,650 Study Programme learners; 1,800 apprentices; 1,200 Higher Education students; and adult learners pursuing around 2,500 learning aims. Specialist facilities, almost exclusively for unemployed adult learners wanting to improve their employability skills and understanding of mathematics, English, ICT and engineering made up the student cohort at the remaining three sites and provided opportunities for adults to help them to move closer to employment.
- 10 The College has a long history of offering Higher Education and does so under the banner of University Centre Colchester. Degrees are validated by the University of Essex and the University of East Anglia. This is an exclusively vocational offer with progression routes from most Level 3 subject areas into Higher Education programmes, the most recent addition being a degree in Policing Studies as a progression route for Public Services students. University Centre Colchester caters for a largely local market, and more than 65% of those embarking on a degree are aged 21 or over. Younger students are predominantly progressing from the College's own further education programmes.
- 11 The average number of full time equivalent staff employed by the College in the year was 560, this had reduced by six per cent from the previous year, in line with reduced college activity.
- 12 The College recorded freehold land, buildings and equipment at a net book value of £73.7m and net assets of £25.7m (before defined pension obligations). Current liabilities (£9.5m) still exceed current assets (£3.1m) by £6.4m as a result of historical debt and this year by exception including a 'payment on account' in respect of the Braintree land sale.

## REPUTATION AND VALUE ADDED

- 13 The College has a strong reputation for delivering the vocational skills, knowledge and behaviours needed by the individuals and businesses locally and regionally. This resolute focus on professional and technical education across all provision types makes the College almost unique among General Further Education Colleges nationally, where a blend of academic and technical programmes at Level 3 and above is more often the norm. This clear vocational identity is supported and achieved through a teaching workforce of highly skilled and experienced specialists who enthusiastically share their wealth of industrial and workplace experience and expertise with future generations of employees in their skills sector. It is further supported through a significant list of over 1,000 local employers who lend their support to the College and its students through temporary and permanent work, work experience and apprenticeship opportunities, guest lectures and input to curriculum development. In return employers benefit from a pipeline of locally available talent, and significant development opportunities for existing staff largely through the College's commercial 'CI Business Solutions' offer. The work-

## STRATEGIC REPORT

readiness agenda permeates all aspects of the student experience at Colchester Institute, with clearly articulated expectations of students around the attributes highly valued by employers such as strong attendance, the ability to work with others, teamwork, communication and working to produce their best work. Such expectations are introduced to students as part of their induction and developed throughout the year through the tutorial programme.

- 14 In March 2020, as benchmark data was released, the College's outstanding performance in 2018/19 was confirmed with student achievement rates for 16-18 year olds placing Colchester Institute 11th out of 170 General FE colleges nationally, with very strong performances for all other provision types. At that point in the year, it was very clear that a similar outturn would be achieved in 2019/20, with attendance, retention and the grades predicted through the College's robust progress tracking system at least as good, and in some cases, better, than a year previously. It is almost certain that had 2019/20 been a more 'normal' year, a similar ranking would have been achieved. Indeed, outcomes (established through a combination of assessment and Centre-Assessed Grades) were just ahead of the previous year for 16-18 year old full time students (90% achievement, following 89.9% in 2018/19) but the Covid-19 pandemic impacted apprenticeship and adult outcomes, (as it will have done nationally) where a number of final assessments were delayed and the employment status of apprentices and others was impacted by the rapid economic downturn.
- 15 The College responded incredibly well to the sudden need to close all sites in late March. The commitment, resilience and hard work that is always characteristic of Colchester Institute staff was never more evident than in the period from March to July, when support teams worked tirelessly to enable educational and support activities and business operations to be carried out remotely, without interruption and teaching staff barely missed a session – transferring their lessons, lectures and tutorials online at short notice from their own homes. High levels of student attendance, retention and achievement are testament to their success in this. Staff were also keen to lend their support to the national effort, producing supplies for frontline health and care services. Thanks to the work of Facilities and Health and Safety staff throughout the closure period, the campuses were fully ready for a safe re-opening in June when hundreds of students returned to complete learning and assessments enabling next level progression into 2020/21.

## STAKEHOLDERS

- 16 Colchester Institute continues to enjoy productive relationships with many key stakeholders. These include students, parents, staff, employers, local authorities, funding agencies, governmental organisations, local community groups, schools, trade unions, professional bodies and other FE institutions. The College is a member of the Haven Gateway Partnership which promotes the importance of the distinct economic sub-region of North Essex and South Suffolk, within which the College operates. The Principal and Chief Executive remains a committed member of the Federation of Essex Colleges (FEDEC) an important group for sharing of best practice, joint lobbying and collaborative working. The Principal also sits on the One Colchester Strategic Board, a multi-agency group which provides a strategic framework locally, working in partnership on significant targeted issues affecting communities within the Colchester Borough. The College continued to build on its excellent employer relationships in a number of skills sectors. On-site opportunities for employers to meet and hear from the College about services provided had been increasing in recent years with popular and important 'business breakfasts' and other networking events. These were curtailed at the point of the Covid-19 lockdown period, with fewer employer events taking place in the second part of the year. 2019/20 was the first full year in which students embarked on degrees validated by the University of East Anglia. The partnership has started very well, and further degree programmes were successfully validated during the year for delivery from September 2020.

## STRATEGIC REPORT

17 The College has established sound communications with its staff and employs such techniques as providing a monthly Core Brief and utilising staff surveys with consequent action planning. The Principal meets with the whole staff body on at least two occasions during each year to provide updates on key aspects of the College's performance and priorities. The campus closures in late March created a need for a different kind of communication with staff. The Principal wrote a weekly briefing to keep staff up to date with developments and plans, and providing links to a variety of support mechanisms at what was a very difficult time for many. From early July, the weekly briefing was replaced by a fortnightly briefing which has continued into the 2020/21 academic year. The end of year staff address and announcement of Annual Award winners took place in early July – virtually rather than in person. A virtual induction programme has been developed for new staff to replace the previous 'in-person' one day event. Student-to-staff links are also strong. The "Learner Voice" is given particular credence and the Course Representatives programme is a key way in which students can contribute their views and ideas to College decision-making. Involvement of both staff and students in the work of College/Corporation committees is encouraged, including full Board membership for two staff members and two student members. The College continues to recognise relevant trade unions, UCU and Unison, and holds regular meetings and consultations with them. Throughout the lockdown period, the Principal joined the regular meetings with the unions, and the unions contributed to (and supported) the plans for the safe re-opening of the College.

## PUBLIC BENEFIT

18 Colchester Institute is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are Trustees of the Charity, are disclosed on pages 18 and 19. In setting and reviewing the College's strategic objectives the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- Delivery of programmes specifically aimed at NEET reduction and tackling long term unemployment
- Excellent pastoral support for students, to help remove practical and emotional barriers to learning
- Consistently high levels of success for students in securing work, with strong destination data
- Significant ladders of opportunity allowing students to progress to higher levels of learning across a broad range of vocational areas, widening their options to embark on further study or higher level employment
- Strong employer partnerships, supporting workforce development and positive impact on the local and regional economy
- Significant primary and secondary employment levels, through supplier chain development
- An anchor institution in the community providing access to high quality facilities for quiet enjoyment by local people and groups.

## STRATEGIC REPORT

### FINANCES

- 19 The College was no different to any other with financial performance adversely affected by the Covid-19 pandemic. At the time the College was forced to close its campuses in March 2020 and move to online learning, a full year operating surplus was predicted. However, due to the closure the College was unable to achieve targets associated with a number of commercial revenue streams. Whilst some income support was received through the Job Retention Scheme and some operating savings were secured this did not offset the reduction of apprenticeship and commercial income.
- 20 The Group generated operating income of £37,364,000 which was a fall of £2,000,000 on the previous year. Funding body grants fell by £927,000 whilst tuition fees and grants also fell by £1,263,000 on the previous year. Operating expenditure decreased by £1,025,000 on the previous year overall, driven by a reduction in operating expenses of £1,588,000 on the previous year.
- 21 The financial deficit for the year is recorded as £2.798m, however this includes significant FRS 102 pension costs that are out with the College's control. The operating deficit pre-FRS 102 pension costs is £470,000 compared to a budgeted surplus of £162,000. Despite the reduction in operating performance, cash reserves remained in line with plan at £1,890,000. This was a reduction on the position last year but was anticipated in order to support the agreed financial contribution to the £10m capital programme 2017-2020. The Corporation remains determined to accumulate cash reserves over the coming years in order to further improve financial resilience whilst also taking opportunities to further invest in the College estate.
- 22 As a result of completing the new Learning and Technology Centre in Braintree and the Centre for Health and Social Care Professions in Colchester, total fixed asset additions in the year were £5.939m. The College's cash commitment has been supported by the planned sale of land at Braintree.
- 23 The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In line with the previous year, FE funding bodies provided 73% of the Group's total income.
- 24 The College has a subsidiary company, Colchester Institute Enterprises Limited. The principal activity of which is the provision of commercial training of employees for local businesses. Any surpluses generated by the subsidiary are transferred to the College under deed of covenant. In the current year, the subsidiary recorded a profit of £48,681 prior to a gift aid transfer (2019: £83,459).
- 25 Key performance indicators were monitored throughout the year and despite a fall in financial health points as a result of the operating deficit, there is no change in the financial health grade of 'Requires Improvement'. The College is forecasting to retain this grade over the coming year.
- 26 The Group was compliant with all loan covenant conditions during the year, and these continue to be monitored on a monthly basis.
- 27 A budget has been approved by the Corporation with an operating surplus (pre-defined benefit obligations) of £127,000 predicted for 2020-21. This is a reduction on the budgeted surplus for 2019-20 but accounts for lower expectations on apprenticeship and commercial income as a result of the ongoing Covid-19 pandemic.
- 28 The College Executive continue to develop medium-term projections and models to respond to current uncertainties. The financial forecast has, in addition to the secured savings to date, included further savings and efficiencies, enhanced by the delivery of accommodation and estates masterplan strategies.

### CASHFLOWS AND LIQUIDITY

- 29 The Group delivered on positive net cash flow on operating activities to the value of £2,490,000 prior to the significant cash outflow to support finalisation of the new facilities at Braintree and Colchester campuses. In line with plan, there was a decrease in cash during the year of £673,000 after investment activities.
- 30 The College met its bank loan covenant test for cash holding requirements at year end and it does not intend to seek further long term borrowing in the future. Future capital plans are not requiring of further long-term loan finance.

### FUTURE DEVELOPMENTS

- 31 The role of all Colleges in their local communities has never been so important, as the country begins to recover from the acute economic impact and longer-term scarring, from the Covid-19 pandemic. In addition to this, is the need to address skills gaps created by the UK's departure from the European Union. High levels of unemployment among those who have traditionally found work in sectors hit hard by the Covid-19 pandemic (e.g. Hospitality, Travel, Leisure and the Arts and their supply chains), will create high demand for re-training among people of all ages, with the young currently hardest hit by worklessness. Colchester Institute understands its key responsibility for providing the programmes that individuals and local businesses need to get back on their feet, as well as the skills to support those sectors still fighting the Covid-19 pandemic on the front line, such as Health, Care and other Public Services. New curricula are being developed for delivery from 2021, with a keen emphasis on adult provision following the Prime Minister's announcement of support through the 'lifetime skills guarantee'. New courses will complement existing programmes aimed at the unemployed, such as Engineering for Industry (Harwich), Flexible Construction Skills (Colchester) and the Learning Shop provision in Colchester, Clacton, Dovercourt, Witham and Braintree. The curriculum at the Learning Shops will continue to evolve, to meet the needs of newly unemployed adults who already possess the employability skills, but need assistance to transfer or augment their existing skills to new sectors and new lines of work.
- 32 Following delays caused by the Covid-19 pandemic, the Centre for Health and Care Professions opened to students in September 2020 to provide facilities for training and education in this, high-demand sector area. A few finishing touches are required in the Autumn of 2020 ahead of a virtual launch, involving senior sector representatives. The College has a strong ambition to develop greater partnership working with the NHS so support skills development in a range of clinical and non-clinical roles at all levels.
- 33 Locally and regionally, infrastructure projects, including a Garden Community, two potential new nuclear power stations, the Lower Thames Crossing and some significant road and rail projects continue to move through various stages of planning. If approved, such projects will significantly increase demand for skills in a range of sectors, predominantly but by no means exclusively, in engineering and construction. The College has a key responsibility to provide the necessary skills to ensure that these projects are supported by local talent. The College continues to work with local authority partners, other colleges and key employers in order to inform planning and delivery in this regard.
- 34 College leaders announced the decision to close the Clacton Campus as of the end of the 2019-20 academic year. In addition, a decision was taken to cease operations at the Minorities Art Gallery in June 2020, as part of the ongoing estates rationalisation programme necessary to maintain positive financial health and provide the best possible student experience. With the 'all new' Braintree Campus officially opened in February 2020, a new property masterplan for the Colchester campus has been drawn up and will be the focus of the College's capital development programme over the coming years. Key to these developments will be significant refurbishment of Blocks B and D, a new principal

## STRATEGIC REPORT

building to the north east of the site and the possibility of a Youth Zone to be sited on the campus, as part of Colchester Borough Council's bid for Town Deal funds. In developing plans, priority will be given to growth sectors, likely to include Construction and Engineering Technologies (including to support carbon reduction), Digital Technologies, Health and Care, but not forgetting the full range of vocational areas for which the College has built a strong reputation over many years including Childcare, Hospitality, Business and Sport.

- 35 The College continues to prioritise student destinations and has high ambitions to work even more closely with employers to facilitate the placement of students not only on suitable industry experience programmes during their time at College, but also into permanent work at the end of their programme where this is the student's ambition. The College will continue to offer a broad vocational curriculum with enrichment to provide the support needed for students to secure work (or higher study) at an appropriate level, and to succeed in this. Part of this will be the commencement of T Level delivery which will be at the College's earliest opportunity. As pilot providers are already secured up to 2022, it is likely that this will be from 2023.
- 36 The significant focus on Teaching and Learning, which commenced early in 2019/20 and was supported by funds from the Strategic College Improvement Fund, will continue into 2020/21 and beyond. Working with a national consultant, the focus on development activity around seven key priorities for high quality teaching and learning (The 'C17') will continue, and will support teachers to further develop outstanding skills both in the classroom and online. It is likely that the blended learning approach that has become necessary during the Covid-19 pandemic, will be with us for some time, or more likely, forever, as we learn about the many advantages, for students and Colleges alike, of delivering some element of our learning programmes through remote means. The College is investing heavily in the necessary infrastructure, hardware and software to support this development over the coming years.
- 37 An increased focus on social responsibility will be a key feature of the College's next Strategic Plan. This will include not only the way in which the College runs its business operations (e.g with targets for the reduction of its carbon footprint, and diversity in its workforce) but also the way in which it educates and influences young people – and adults – on the impact that they can have on their physical and social environment. In the enrichment curriculum, a keener emphasis will be placed on Equality, Diversity and Inclusion and on carbon reduction. Further work will also be done to support both staff and student mental health. For example, the College has signed up to the AoC's Mental Health Charter but must now create a clear action plan to move this work forward.
- 38 The College fully recognises that all of the above will only be achieved through a continued focus on maintaining financial health. The good work underway to ensure efficient curriculum delivery and estates utilisation will continue, alongside strategies to continue to maintain payroll spending at a percentage of income close to the sector norm. However, strong financial health also remains dependent on a continued review of business processes to enable efficiencies that the College's current systems place at risk. A key focus for 2020/21 will be on an upgrade to the Human Resources system and continuing the excellent work started in 2019/20 (expedited due to Covid-19) to make our application and enrolment processes an end-to-end online process. The savings created in the second half of 2019/20 through reduced travel and more virtual meetings at all levels in the organisation, will continue to be made, as this practice becomes more normal into the future.
- 39 At the time of writing this report, Covid-19 transmission rates are increasing and, in accordance with the county's Tier 2 status, the College is operating with as few staff on campus as are necessary and with many students attending some lessons online. This is deemed necessary in order to protect against significant outbreaks of the virus at the College – given the large numbers of staff and students normally present on campuses

## STRATEGIC REPORT

and the nature of their work together which often centres on practical activity. The College will continue to review both the educational effectiveness and the safety of this approach and will make adjustments accordingly within the context of national and local transmission rates, and government advice or regulation.

### TREASURY AND RESERVES POLICIES AND OBJECTIVES

- 40 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. Treasury management policy is detailed within the College's Financial Reporting and Accounting Procedures handbook. Any short term borrowing for temporary revenue purposes is authorised by the Accounting Officer and the Corporation.
- 41 The Group has no formal Reserves Policy but recognises the importance of reserves in the financial stability of the organisation, and it ensures that there are adequate reserves to support the College's core activities. The Group reserves include £1,000,000 held as designated reserves. As at the balance sheet date the Income and expenditure account reserve fell as a result of the increased FRS102 defined benefit obligation on the Local Government Pension Scheme. The balance was a deficit of £15,433,000 (2019: deficit £870,000).
- 42 It is the Corporation's intention to increase pre-FRS102 defined benefit obligation reserves over the life of the strategic plan through the generation of annual operating surpluses.

### PRINCIPAL RISKS AND UNCERTAINTIES

- 43 There is a comprehensive list of risks reviewed on the Corporate Risk Register, the principal risks during the year were identified as follows:-
- **Major Health Outbreak.** A range of management sub groups (Health and Safety, Human Resources, Estates, Curriculum) were formed to deal with the challenges presented by the Covid-19 outbreak. This has allowed the College to maintain operations throughout the Covid-19 pandemic. This work is ongoing. An additional task and finish Board Committee was also established to oversee the College's response to the Covid-19 pandemic and the preparations for the reopening of the College campuses.
  - **Capital Project Development.** Separate risk registers, devoted to the individual scheme developments are reviewed and further actions initiated where appropriate. Projects now complete.
  - **Failure to improve quality measures including achievement rates.** The College's quality improvement plan was further developed during the year in order to ensure sustained improvement in quality outcomes whilst under difficult operating conditions.
  - **Enrolment shortfall leading to income reduction.** A high focus of attention was placed on all key funding streams including apprenticeship monitoring during the year.
  - **Poor progress prohibiting financial recovery.** There remained a high focus to continue to manage the financial position at times of reduced commercial income.
  - **Braintree Masterplan Development.** The Corporation has been regularly updated on mitigating activities being undertaken to ensure timely vacant possession of the buildings allocated under the sale agreement including measures to support any emerging cashflow risks. This sale agreement has now completed.

**KEY PERFORMANCE INDICATORS**

44 Colchester Institute has continued to establish and utilise a series of indicators and targets, covering such key variables as recruitment volumes, achievement rates and financial ratios. Although not every qualitative target was achieved, outcomes in almost every area remained strong following a particularly good year in 2018/19 when the College finished 11<sup>th</sup> out of all 170 GFE Colleges for Study Programme outcomes. As learning was severely disrupted by the Covid-19 pandemic and many qualifications were awarded through Centre Assessed Grades, no league tables will be produced for 2019/20 outcomes but it was very clear shortly before the College closed due to lockdown, that similar strong outcomes would have been achieved for a second year in a row. High predicted grades supported by very good attendance had set the College on course for another very good year.

45 Below are a selection taken from the 50 aspirational KPIs for 2019/20 set and agreed by the Corporation Board and monitored both at management and Board level throughout the year. The quality KPIs were once again set in line with the College’s “stretch and challenge” agenda – reflecting the very best outcomes that would be expected in a “Good” college.

<b>Target</b>	<b>Full Year Target 2019/20</b>	<b>Outturn 2019/20</b>	<b>Outturn 2018/19</b>
Student Attendance – FE	90%	88.5%	86%
Achievement rate – all further education qualifications	88%	90%	87%
Success rate - Apprenticeships	70%	65.1%	66.3%
Retention – all FE enrolments	93%	95.1%	94%
HE - Good Degrees	70%	73%	78%
16-19 FE learner numbers	3649	3633	3707
Apprenticeship Numbers	715	610	700
HE Enrolments (FT and PT)	703	633	713
Operating Surplus	£162K	(£470K)	£305K

46 The College is committed to observing the importance of sector measures and indicators and uses both its own extensive data sources as well as external sources, such as the National Achievement Rate Tables (NARTs), the Performance League Tables, MIDES and the NSS (National Student Survey) to benchmark its performance. It is not entirely clear what the government will produce in relation to comparative data for 2019/20 but as so many qualifications were awarded on the basis of Centre-Assessed Grades and learning was disrupted nationally, it has been made clear that the usual ‘league table’ type reports will not be openly published. In the Higher Education NSS survey, satisfaction levels overall were down on the previous year – as they were nationally. University Centre Colchester students overall satisfaction level was slightly higher in 2019/20 than in the previous year, with a rating of 79.05 against 78.03 in 2018/19 but slightly below the national rate of 82.32 in 2019/20. However, UCC students reported higher than national average satisfaction levels for most academic delivery categories, including ‘The teaching on my course’, ‘Assessment and Feedback’ and ‘Academic Support’. Where UCC results showed lower levels of satisfaction than nationally were in areas such as ‘Learning community’, ‘Student Voice’ and ‘Student Union’ and an action plan is in place to address these areas.

## STRATEGIC REPORT

- 47 Progress against College KPIs is reported monthly to governors through a written report provided by the Principal. Progress towards financial KPIs is also tracked through detailed monthly reporting to the board in the Monthly Monitoring Report, compiled by the Executive Vice Principal: Finance and Corporate Development. These reports are discussed at Curriculum and Quality Committee and at Resources Committee respectively, and then further at Corporation Board meetings. The KPIs are cross-referenced to the one year plan to meet Strategic Priorities, and this plan is monitored at both management meetings and Board Committee meetings.

## STUDENT NUMBERS

- 48 2019/20 saw a continuation in the decline in 16-18 year old student numbers, with a similar number of students joining the College aged 16, but slightly fewer progressing to a second or third year of study, some opting instead to start to work. Again, there were fewer enrolments from outside the college into Year 13, reflecting the change from one to two year A Level programmes nationally. Competition from school sixth forms continued to play a part in this, with significant numbers of Applied General Qualifications being offered in local schools – and the largest local Multi-Academy Trust refreshing and re-branding its Sixth Form offer in both Clacton and Colchester. The College was on course to recruit more apprentices than in recent years, until the Covid-19 pandemic hit and no further apprenticeship enrolments took place after late March. In previous years we would have recruited throughout this period and in particular in June and July as students left school and were keen to start their apprenticeships. Higher Education numbers fell slightly short of target, but through continued subcontracted provision the College was able to address this shortfall.

## STUDENT ACHIEVEMENTS

- 49 Prior to lockdown in March 2020 achievement rates on all types of provision were predicted to exceed the previous year's rates. Despite the impact of disruption to learning, we recorded 12,080 leavers on Education and Training programmes with an overall achievement rate of 90.0%, continuing the upward trend seen in the previous year. This achievement rate is well above the most recent national average (86.7%).
- 50 Student outcomes for 16-18 year olds remained extremely positive and we saw a consolidation of the improvement trends for that age group, with achievement rate of 91.9% (widening the gap on most recent national achievement rate of 83.4%). In most subjects, grades were calculated through 'Centre Assessed Grades', and in some cases alongside qualification adaptations made by the Awarding Bodies. Progress measures for GCSE English and maths improved, however those attaining the threshold of grade 4 or above, while again increasing, still needs to improve. The use of calculated grades in GCSEs made it difficult to properly assess student progress. Progress scores may have been inflated by the calculated process, but this did not impact on the percentage of students achieving grades 4-9 because this College followed the guidance to take account of its historic results profile.
- 51 Adult programmes were particularly disrupted during March-June and this impacted on completion in some subject areas. Some adults on Accounting programmes (a large subject area) chose not to take the delayed exams, thus impacting on achievement rates. Many adults attending Learning Shops were not able to complete their qualifications in year. Overall adult achievement rates declined to 83.4% (from 87.4% previous year) reflecting these issues, but this is likely to mirror a national picture.
- 52 Apprenticeship results declined slightly on previous year, at 65.5%. This was due largely to the impact of Covid-19 which resulted in a high number of apprentices being furloughed or losing employment, and 131 apprentices were unable to complete in 19/20 and will continue into 20/21.

# **COLCHESTER INSTITUTE**

## **STRATEGIC REPORT**

53 In UCC, 73% of degree students gained first class and upper second class degrees.

### **CURRICULUM DEVELOPMENTS**

54 In 19/20 the College consolidated its programme at the Braintree Campus with the opening of the second brand new building. A particular strength of the College as a whole is its offer of a wide-ranging FE curriculum and a well-developed apprenticeship programme that meets the needs of local employers and the local economy, and provides clear routes through to employment or higher education. At the Colchester Campus, health, media, engineering and construction courses continued to see large cohorts, and a new offer of University of East Anglia validated degree programmes started in September 2019. UCC students also benefit from partnerships with University of Huddersfield (Initial Teacher Education), Pearson (Higher National Certificates/Diplomas) and other awarding bodies offering professional higher qualifications. Apprenticeships continue to be an area of growth and priority, and the College has worked particularly closely with levy employers to develop flexible programmes to meet their training needs.

### **EXTERNAL QUALITY MONITORING**

55 The College received two positive external quality assurance visits in 2019/20. The first was for higher education provision with a review from the Quality Assurance Agency (QAA) in November 2019, followed by an Ofsted Monitoring Visit for further education in December 2019.

56 A Quality and Standards Review for monitoring and intervention is a method of review QAA uses to provide the Office for Students with evidence about whether registered providers, meet one or more of the Core practices of the UK Quality Code for Higher Education. The College successfully gained registration with the OfS in 2019.

57 The review focused on four core practices (fair and inclusive admissions systems; engagement of students in the quality of their educational experience; fair and transparent procedures for complaints and appeals; and support for all students to achieve successful academic and professional outcomes). The review concluded that all the above core practices were satisfactorily met.

58 The Ofsted Monitoring visit focused on four key areas (quality of education; selection and sequencing of curriculum; use of assessment to aid understanding and gain/improve skills; and support of adult learners to gain employability skills) and gave judgements on progress made since the previous Inspection. Ofsted judged the College to have made significant progress in the first and fourth key areas, with the second and third judged as having made reasonable progress. These judgements were a very positive indication of the good progress made by the College since the inspection in November 2018.

### **PLANNED MAINTENANCE PROGRAMME AND PROPERTY STRATEGY**

59 Currently a policy of writing off maintenance and refurbishment costs as incurred is followed. Planned maintenance is carried out throughout the year to support the ongoing provision of high quality teaching facilities, alongside other strategies included in the College estates plan that is approved by the Corporation.

### **PAYMENT PERFORMANCE**

60 The College maintains the confidence of suppliers by adhering to a payment policy of to within 30 days of receipt of (a valid) invoice or to within negotiated supplier terms. This accords with the intentions of the Prompt Payment Code and the Late Payment of Commercial Debts (Interest) Act 1998 to which the College is committed.

## STRATEGIC REPORT

- 61 During the Covid-19 pandemic the College sought advice from its retained Procurement advisors, Tenet Education Services Limited in respect of whether the Procurement Policy Notices would apply.
- 62 The advice suggested that the College had one key supplier relationship that fell into the category covered by the PPN – that if it fell away it would present a high risk to the contracting authority. After a period of negotiation between supplier, advisor and contracting authority, a contract variation was agreed for the period 01/04/20 to 30/06/2020 with a cleaning contractor. The accounting officer was satisfied that the College obtained value for money by agreeing to the variation.

## EQUALITY, DIVERSITY AND INCLUSION

- 63 The College celebrates and values diversity within both the workforce and the student body and believes that it benefits from engaging staff of all backgrounds, thus allowing it to meet the needs of a diverse student population within a diverse society. The College aims to provide a welcoming environment in which all learners and employees are encouraged to realise their full potential, where every individual is valued and offered equal opportunity to progress. To this end, the College aims to ensure that all actual or potential learners and employees are treated in an equivalent fashion, regardless of: age, disability; family responsibility, marital status, race, colour, ethnicity, nationality, religion or belief, gender, sexual orientation, trade union activity, and any other irrelevant criteria. Learners engage in a range of activities encouraging them to be responsible and respectful citizens; British Values are promoted within a context which ensures increased understanding and appreciation of diversity. Most Study Programme learners undertook a small qualification in this subject during 2019/20. At the end of 2019/20, the College Principal and a member of the Corporation Board from the BAME community joined the BFELG (Black Further Education Leaders Group). The group's primary objective is to ensure that FE leadership, governance and management represents the communities it serves.
- 64 The College's Equality Policy is published on the College's Intranet site, along with the Annual Equality and Diversity Report and action plan. This is resourced, implemented and monitored on a planned basis, including by College Governors.
- 65 The College is also a 'Positive About Disabled People' employer and has committed to the principles and objectives of the Positive About Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

## DISABILITY STATEMENT

- 66 The College seeks to achieve the objectives set down in the Equality Act 2010:
- a) The Facilities team review accessibility to all parts of the College to ensure ease of access for all staff, students and visitors including those with disabilities.
  - b) If there are changes to walking routes, or major campus works or development, accessibility and signage is checked to be suitable for all, in liaison with staff and students.
  - c) The Additional Learning Support Team are able to provide information and advice and are available to arrange support where necessary for students with disabilities and learning difficulties.

**STRATEGIC REPORT**

- d) The College Admissions and Additional Learning Support policies are available on request, which includes details of Admissions Review Panels and the appeals process.
- e) The College has a wide range of specialist support for students with disabilities including: In-class support or 1:1 support; note taking, interpreting and signing support; support for those who have a medical condition; tutors for learners with specific learning difficulties; specialist 1:1 study skills support, and non-medical help, for learners who have applied through the DSA process at HE level.
- f) The College Student Services Team provides a range of pastoral care and welfare support including the provision of dedicated student counsellors.

**SECURITY AND WELFARE**

- 67 The College takes seriously its duty to safeguard and promote the welfare and well-being of both young people and vulnerable adults and aims to provide a welcoming, safe and secure environment in which all students – and staff - are respected, valued and encouraged to realise their potential. A comprehensive Safeguarding and Child Protection policy is in place, which incorporates the Prevent duties, and this is reviewed annually.
- 68 Access/security ID systems are employed on main college campuses to support the safeguarding of our learners on site and students, in addition to staff and visitors, are required to wear ID at all times on college premises. There is a robust security system on site to support staff and students with any concerns or incidents which may arise. With external, expert support, the College has also developed its Critical Incident Plan and Senior leaders, and others with particular responsibilities within this plan, have received externally facilitated training in this area.

**TRADE UNION FACILITY TIME**

- 69 The Trade Union (Facility Time Publication Requirements) Regulations 2017 place a legislative requirement on relevant employers, including Colchester Institute, to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

Colchester Institute recognises two trade unions: UCU and UNISON.

For the period 1 April 2019 to 31 March 2020 the following applies

Number of employees who were trade union officials: 7

Full-time equivalent number of employees who were trade union officials: 6.7

Percentage of working hours spent on facility time:

0%	0
1-50%	7
51-99%	0
100%	0

Total cost of facility time: £11,830

Total pay bill: £24,000,000

Percentage of total pay bill spent on facility time: 0.05%

Percentage of total paid facility time hours spent on paid trade union activities: 10.00%

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

### GOING CONCERN

- 70 After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future.
- 71 The College continues to repair balance sheet reserves from the effects of the 2009 Property Strategy collapse. As a result of a significant improvement over recent years, the College has now improved financial health. However, it is noted that further focus is still required in order to continue to improve cash reserves to a sustainable level. The College has set out within its four year financial plan (aligned to the Strategic Plan) as to how this will be achieved. This will require further renewed focus on the cost of delivery via course costings, in all areas. Business processes continue to be reviewed to ensure efficiencies are achieved. There will be further work to complete the estates rationalisation programme as articulated in the Colleges Estates and Accommodation Strategy which will further reduce operating overheads whilst also providing welcome additional cash reserves.
- 72 The College continues to regularly review principal strategic risks and operational risks presented within the detailed corporate risk register. The Corporation understands these risks and is content that the controls and mitigating actions are appropriate to the prevailing conditions. As such the Corporation considers it appropriate that the College will continue to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. This decision is based on the prevailing conditions and current circumstances as at the date of signature below.

### EVENTS AFTER THE REPORTING PERIOD

- 73 The College completed on the land sale agreement at Braintree Campus that has supported the College's financial contribution to the Capital Masterplan 2018 – 2020.

### 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 member of the corporation on  
on its behalf by:

and signed

**KEVIN PRINCE**  
Chairman

**Date:**

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### GOVERNANCE STATEMENT

This statement covers the period from 1<sup>st</sup> August 2019 to 31<sup>st</sup> July 2020 and up to the date of approval of the annual report and financial statements.

### GOVERNANCE CODE

- 1 The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code 2018 issued by the Financial Reporting Council in July 2018. Its purpose is to help the reader of the accounts understand how the principles have been applied.
- 2 In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2020. 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 21 July 2015.

### THE CORPORATION

3. The Members who served on the Corporation during the year and up to the date of signature of this report were:

Name	Date of Appointment	Current Term of Office	Date of Leaving	Status of Appointment	Committees Served	Attendance in 2019/20*
A Andreas	January 2014	Ex-officio		Principal	C&Q, F&R, GCC	6 out of 6
B Baker	December 2011 Re-appointed December 2015	4 years	31.10.19	Independent	F&R	1 out of 3
L Clampin	May 2019	4 years		Independent	A&R, R&S	5 out of 6
P Cook	February 2020	4 years		Independent	F&R	1 out of 3
M Davies	January 2017	4 years		Independent	Chr A&R, member R&S	5 out of 6
P Donnelly	October 2019	4 years		Independent	A&R (until Dec 19), C&Q (from Jan 20)	5 out of 6
L Ellam	October 2019	4 years	08.09.20	Staff	C&Q, GCC	2 out of 6
M Fordham	October 2017	4 years	01.09.19	Staff	C&Q	0 out of 0

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment	Current Term of Office	Date of Leaving	Status of Appointment	Committees Served	Attendance in 2019/20*
D Gask	January 2010 last re-appointed January 2016	4 years	31.12.19	Independent	Chr of C&Q member R&S	2 out of 3
P Giddings	Nov. 2019	4 years		Independent	F&R	5 out of 5
L Goodall	August 2018	4 years		Staff	F&R (until Dec 19) and A&C (from Jan 20)	5 out of 6
D Gronland	January 2010 last re-appointed 2016	4 years	31.12.19	Independent	A&C and C&Q	3 out of 3
I Kettle	February 2020	4 years		Independent	A&R	2 out of 2
K Moule	January 2019	4 years		Independent	Chr of C&Q	1 out of 6
J Patel	January 2020	4 years		Independent	F&R, Chr GCC	3 out of 3
K Prince	January 2008 last re-appointed January 2016	4 years		Independent	Chr of Board, and member of all Committees except A&R	6 out of 6
B Rich	October 2020	4 years		Staff	C&Q	0 out of 0
N Riddiough	October 2019	1 year	31.07.20	Student	C&Q	0 out of 6
T Smyth	July 2018	4 years		Independent	C&Q, A&R, GCC	5 out of 6
R Wainwright	October 2011 Re-appointed October 2019	4 years		Independent	Chr F&R and R&S	6 out of 6

\* Attendance relates to attendance at Corporation Board meetings during the year under review. (1 August 2019 to 31 July 2020). It does not include attendance at Committee and other meetings.

**Key to Committees:**

A&R	Audit and Risk
F&R	Finance and Resources Committee
C&Q	Curriculum and Quality Committee
R&S	Remuneration and Search Committee
GCC	Governance Coronavirus Committee (task and finish group established June 2020)

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### THE GOVERNANCE FRAMEWORK

- 4 It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.
- 5 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. The Corporation meets at least once each term.
- 6 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 Finance and Resources, Remuneration and Search, Audit and Risk, and Curriculum and Quality. Full minutes of Board and Committee meetings except those deemed to be confidential by the Corporation are published on the College's website ([www.colchester.ac.uk/governance](http://www.colchester.ac.uk/governance)) and are available from the Clerk to the Corporation at:
- Colchester Institute, Sheepen Road, Colchester, Essex, CO3 3LL
- 7 Following the closure of College campuses due to the Covid-10 pandemic, meetings of the Corporation Board and Committee meetings were held virtually. An additional task and finish Committee was established to oversee the College's response to the Covid-19 pandemic and the preparations for the reopening of the College campuses.
- 8 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.
- 9 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 compliance with all applicable procedures and regulations. The appointment, evaluation and dismissal of the Clerk are matters for the Corporation as a whole.
- 10 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.
- 11 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.
- 12 There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

### APPOINTMENTS TO THE CORPORATION

- 13 Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Remuneration and Search Committee consisting of the Chair and Vice Chairs of the Corporation, Committee Chairs plus one Independent member of the Board. The Committee 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.
- 14 Members of the Corporation are appointed for a term of office not exceeding four years. Members do not normally serve for more than two terms of four years except where subsequently undertaking a new role of Chair or Vice Chair.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

**CORPORATION PERFORMANCE**

- 15 A review of Corporation performance and assessment of its own effectiveness is carried out annually. The review, which is overseen by the Remuneration and Search Committee, is framed around the areas of evaluation examined by the Inspectors of OFSTED when the College is inspected and the guidance contained in the Good Governance Standard for Public Service, and is benchmarked against other colleges. In 2019-20 the Corporation assessed the Governance arrangements as Good.

**REMUNERATION AND SEARCH COMMITTEE**

- 16 The Board adopted the Association of Colleges' Senior Post Holder Remuneration Code (Remuneration Code) at its meeting on 26 July 2019. In line with the requirements of the Remuneration Code, this statement on Senior Post Holder remuneration is based on the Remuneration and Search Committee annual report to the Board 2019-20.
- 17 For the year ending 31 July 2020, the Remuneration and Search Committee comprised five members of the Corporation. The Committee's responsibilities include consideration of the remuneration and benefits of four designated senior post holders:
- the Principal and Chief Executive
  - the Executive Vice Principal: Curriculum, Planning and Quality
  - the Executive Vice Principal: Finance and Corporate Development
  - the Clerk to the Governors
- 18 The Board approved a Senior Post Holder Remuneration Policy at its meeting on 18<sup>th</sup> December 2019.
- 19 In determining the remuneration of senior post holders the Board has regard to the benchmark data for general further education colleges published by the Association of Colleges and other available sources external comparator data. Benchmark data published in May 2020 shows that for a College in the £30m - £40m income bracket the median College Principal salary in 2019 was £150,000, with the upper quartile at £170,373 and the lower quartile at £142,586. By comparison the salary for the Principal and Chief Executive at Colchester Institute was £122,000 on 31<sup>st</sup> July 2020. It should be noted that it has not been the wish of the Corporation Board to maintain the Principal's pay at a level below published comparators. This has been the preference of the Principal and Chief Executive, in light of the College's challenging financial situation, and the fact that in the six years of her tenure, there have been only two very small pay increases for staff at large.
- 20 Details of remuneration for the year ended 31 July 2020 are set out in note 6 to the financial statements.

**AUDIT AND RISK COMMITTEE**

- 21 The Audit and Risk Committee comprises five Members of the Corporation (excluding the Principal and Chair). Two Members of the Committee have relevant financial and audit experience. The Committee operates in accordance with written terms of reference approved by the Corporation.
- 22 The Audit and Risk Committee meets at least once a term and provides a forum for reporting by the College's internal auditors, reporting accountants and financial

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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.

- 23 The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and to the Audit and Risk Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure that such recommendations have been implemented.
- 24 The Audit and Risk Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

### FINANCE AND RESOURCES COMMITTEE

- 25 The Finance and Resources Committee comprises at least six Members of the Corporation. It is responsible for advising the Board on all aspects of the Corporation's financial policies including detailed consideration of the annual income and expenditure estimates and regular monitoring of the corporation's financial position. The Committee also considers and advises the Board on property and land matters, franchise arrangements and tuition and other fees payable to the Corporation.

### CURRICULUM AND QUALITY COMMITTEE

- 26 The Curriculum and Quality Committee comprises at least six Members of the Corporation. It is responsible for monitoring the academic standards of the College, reporting to the Board on all aspects of student performance and the effectiveness of learning and teaching, and the College Self-Assessment Report.

### INTERNAL CONTROL

#### Scope of responsibility

- 27 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, not absolute assurance, against material mis-statement or loss.
- 28 The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Colchester Institute 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

- 29 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 risk 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

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

in Colchester Institute for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

**Capacity to handle risk**

- 30 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 2020 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**

- 31 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 Corporation of monthly 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.
- 32 The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit and Risk Committee. Annually, the Internal Auditor provides the Corporation with a report on internal audit activity in the College. The Internal Audit Plan for 2019/20 was curtailed due to the impact of Covid-19 requiring the College to close its campuses. Four planned internal audit assignments were cancelled. As a result the Internal Auditors did not undertake sufficient work to provide an opinion for 2019/20 on the adequacy and effectiveness of the College's system or risk management, controls and governance processes. However, there were other forms of assurance evidence presented to the Audit and Risk committee that they were able to draw upon in order to form their audit opinion.
- 33 The Audit and Risk Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Committee believes the Corporation has effective internal controls in place.
- 34 The College introduced a number of control measures to control Covid-19 from the beginning of the pandemic. The Health and Safety Manager started monitoring Covid-19 and reporting from January with email updates and guidance documents. He briefed the Senior Leadership Team on expected impacts. The HR Corona team was set up in February to include HR representatives to assist inevitable staffing issues. Appropriate signage and additional cleaning was put in place across all campuses before lockdown. The College planned for the implementation of a Safe Workplace in May ahead of the limited June restart. Up to the start of November, there has been 85 updates including drafting additional first aid and cleaning guidance, generic risk assessments for employer visits, whole college risk assessment, positive infection management policy. Senior Managers were involved at the drafting stage of numerous policies and procedures and approved every risk assessment (65 in total for teaching areas) and all 768 rooms in the

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

organisation have been checked for maximum capacity numbers. The College continues to check guidance from WHO, UK Government, HSE, DfE, BBC, The Lancet, IOSH and others to ensure our guidance remains up to date and covers all known parameters. Covid-19 Safety dominated all College Executive meetings from March onwards and this will continue to be the case going forward until operations return to normality. There was also a task and finish committee set up by the Corporation to monitor controls, as well as monitoring through the Health and Safety Committee and Risk Management Committee.

**Review of effectiveness**

- 35 As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal’s review of the effectiveness of the system of internal control is informed by:
- the work of the internal auditors;
  - the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
  - comments made by the College’s financial statements auditors, the reporting accountant for regularity assurance and any funding council-appointed ILR auditors in their management letters and other reports.
- 36 The Principal has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit and Risk Committee which oversees the work of the internal auditor, the Risk Management Committee, and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.
- 37 The College Executive 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 College Executive and the Audit and Compliance Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Compliance Committee’s role in this area is confined to a high-level review of the arrangements for internal control. The Audit and Risk Committee’s agenda includes a regular item for consideration of risk and control and reports thereon to the Corporation Board. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the December 2020 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2020 by considering documentation from the College Executive and internal audit, recommendations from the Audit and Risk Committee and taking account of events since 31 July 2020.
- 38 Based on the advice of the Audit and Risk Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”.

Approved by order of the Members of the Corporation on  
by:

and signed on its behalf

**KEVIN PRINCE**  
Chairman

**ALISON ANDREAS**  
Principal, Chief Executive  
and Accounting Officer

**Date:**

**Date:**

# **COLCHESTER INSTITUTE**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreement and contracts with the ESFA. As part of its consideration the Corporation has had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are not 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 contracts with ESFA, or any other public funder.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency.

**KEVIN PRINCE**  
Chairman

**ALISON ANDREAS**  
Principal and Chief Executive  
and Accounting Officer

**Date:**

**Date:**

**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

The Members of the Corporation, as charity trustees, are required to present consolidated audited financial statements for each financial year.

Within the terms and conditions of the college's grant funding agreements and contracts with the Education and Skills Funding Agency, the Corporation, through its accounting officer, is required to prepare consolidated financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the group 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;
- assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate;
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College or its subsidiary undertakings will continue in operation.

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

The Corporation is responsible for the maintenance and integrity of 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 and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Members of the Corporation are responsible for securing economical, efficient and effective management of the College and its subsidiary undertaking'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

and signed on its behalf by:

**KEVIN PRINCE**  
Chairman

**Date:**

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE**

**Opinion**

We have audited the financial statements of the Group and Colchester Institute (the 'Institute') for the year ended 31 July 2020 which comprise the Consolidated and College Statements of Comprehensive income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including; the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019 to 2020* and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group and the Institute's affairs as at 31 July 2020 and of its deficit of income over expenditure for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

**Basis for opinion**

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

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE**

**Other information**

The Corporation is responsible for the other information. The other information comprises the information included in the Institute's Report and Financial Statements 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 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 Audit 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
- all the information and explanations required for the audit were not received; or
- conclusions relating to appropriateness of the use of the going concern basis of accounting and disclosures of material uncertainties, subject to the requirements of ISA 570 Going Concern, and whether the auditor has concluded that there is a material misstatement in other information, subject to the requirements of ISA 720 The Auditor's Responsibilities Relating to Other Information

**Responsibilities of the Members of the Corporation of Colchester Institute**

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation's set out on page 26 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 Institute'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 intend to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE**

**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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Additional requirement under the Office for Students Accounts Direction**

We have nothing to report in respect of the following matters in relation to which the Office for Students accounts direction requires us to report, where:

- The Corporations grant and fee income, as disclosed in the note 1 and note 7(b) to the financial statements has been materially misstated; or
- The Corporations expenditure on access and participation activities for the year has been materially misstated.

**Use of our report**

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the Institute'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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

**Scrutton Bland LLP**

Chartered Accountants and Statutory Auditor  
820 The Crescent  
Colchester Business Park  
Colchester  
Essex, CO4 9YQ

Date: \_\_\_\_\_

**Scrutton Bland LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.**

**REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY**

**To: The Corporation of Colchester Institute and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public provider, 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 Colchester Institute during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Colchester Institute and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Colchester Institute and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Colchester Institute and the ESFA for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Colchester Institute and the reporting accountant**

The corporation of Colchester Institute 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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- A review of the Colleges Self-Assessment Questionnaire for the period 1 August 2019 to 31 July 2020.
- A review of the evidence supplied by the College to support the Self-Assessment Questionnaire and discussions with members of the Colleges staff.
- Tests of detail.

### **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 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Scrutton Bland LLP**  
**Chartered Accountants**  
**Colchester**

**Date:**

# COLCHESTER INSTITUTE

## CONSOLIDATED AND COLLEGE STATEMENTS OF TOTAL COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2020

	Notes	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
<b>Income</b>					
Funding body grants	2	27,583	27,583	28,510	28,510
Tuition fees and education contracts	3	7,533	7,281	8,796	8,399
Other income	4	2,239	2,155	2,040	1,915
Investment income	5	9	9	19	18
<b>Total income</b>		<b>37,364</b>	<b>37,028</b>	<b>39,365</b>	<b>38,842</b>
<b>Expenditure</b>					
Staff costs	6	26,335	26,249	25,844	25,725
Other operating expenses	7	9,684	9,400	11,272	10,961
Depreciation	9	2,816	2,811	2,705	2,702
Interest and other finance costs	8	1,327	1,327	1,366	1,366
<b>Total expenditure</b>		<b>40,162</b>	<b>39,787</b>	<b>41,187</b>	<b>40,754</b>
<b>Deficit for the year</b>		<b>(2,798)</b>	<b>(2,759)</b>	<b>(1,822)</b>	<b>(1,912)</b>
Actuarial (loss) in respect of pension scheme	21	(11,765)	(11,765)	(2,183)	(2,183)
<b>Total comprehensive expenditure for the year</b>		<b>(14,563)</b>	<b>(14,524)</b>	<b>(4,005)</b>	<b>(4,095)</b>
<b>Additional disclosure</b>					
Surplus for the year as above		(14,563)	(14,524)	(4,005)	(4,095)
Staff costs - FRS 102	21	1,746	1,746	1,551	1,551
Interest expense - FRS 102	21	582	582	576	576
Actuarial loss/(gain) - FRS 102	21	11,765	11,765	2,183	2,183
<b>Operational (deficit)/surplus pre FRS 102 and one off income and costs</b>		<b>(470)</b>	<b>(431)</b>	<b>305</b>	<b>215</b>

The comprehensive expenditure is unrestricted, wholly attributable to the group and in respect of continuing activities.

The notes on pages 37 to 63 form part of these financial statements.

# COLCHESTER INSTITUTE

## CONSOLIDATED STATEMENT OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2020

	Income and expenditure account £000	Capital reserve £000	Total £000
<b>Balance at 1 August 2018</b>	<b>3,135</b>	<b>1,000</b>	<b>4,135</b>
Deficit from the income and expenditure account	(1,822)	-	(1,822)
Other comprehensive income	<u>(2,183)</u>	<u>-</u>	<u>(2,183)</u>
<b>Total comprehensive income for the year</b>	<b><u>(4,005)</u></b>	<b><u>-</u></b>	<b><u>(4,005)</u></b>
<b>Balance at 31 July 2019</b>	<b><u>(870)</u></b>	<b><u>1,000</u></b>	<b><u>130</u></b>
<b>Balance at 1 August 2019</b>	<b>(870)</b>	<b>1,000</b>	<b>130</b>
Deficit from the income and expenditure account	(2,798)	-	(2,798)
Other comprehensive income	<u>(11,765)</u>	<u>-</u>	<u>(11,765)</u>
<b>Total comprehensive expenditure for the year</b>	<b><u>(14,563)</u></b>	<b><u>-</u></b>	<b><u>(14,563)</u></b>
<b>Balance at 31 July 2020</b>	<b><u>(15,433)</u></b>	<b><u>1,000</u></b>	<b><u>(14,433)</u></b>

The notes on pages 37 to 63 form part of these financial statements.

# COLCHESTER INSTITUTE

## STATEMENT OF CHANGES IN COLLEGE RESERVES YEAR ENDED 31 JULY 2020

	Income and expenditure account £000	Capital reserve £000	Total £000
<b>Balance at 1 August 2018</b>	<b>3,200</b>	<b>1,000</b>	<b>4,200</b>
Deficit from the income and expenditure account	(1,912)	-	(1,912)
Other comprehensive income	<u>(2,183)</u>	<u>-</u>	<u>(2,183)</u>
<b>Total comprehensive income for the year</b>	<b><u>(4,095)</u></b>	<b><u>-</u></b>	<b><u>(4,095)</u></b>
<b>Balance at 31 July 2019</b>	<b><u>(895)</u></b>	<b><u>1,000</u></b>	<b><u>105</u></b>
<b>Balance at 1 August 2019</b>	<b>(895)</b>	<b>1,000</b>	<b>105</b>
Deficit from the income and expenditure account	(2,759)	-	(2,759)
Other comprehensive income	<u>(11,765)</u>	<u>-</u>	<u>(11,765)</u>
<b>Total comprehensive income for the year</b>	<b><u>(14,524)</u></b>	<b><u>-</u></b>	<b><u>(14,524)</u></b>
<b>Balance at 31 July 2020</b>	<b><u>(15,419)</u></b>	<b><u>1,000</u></b>	<b><u>(14,419)</u></b>

The notes on pages 37 to 63 form part of these financial statements.

# COLCHESTER INSTITUTE

## CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2020

	Notes	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
<b>Non-current assets</b>					
Tangible assets	9	73,701	73,551	70,645	70,504
Investments	10	-	312	-	312
<b>Total non-current assets</b>		<b>73,701</b>	<b>73,863</b>	<b>70,645</b>	<b>70,816</b>
<b>Current assets</b>					
Stocks		29	27	39	35
Trade and other receivables	11	1,184	1,122	1,900	1,803
Cash and cash equivalents	16	1,890	1,869	2,732	2,625
<b>Total assets</b>		<b>3,103</b>	<b>3,018</b>	<b>4,671</b>	<b>4,463</b>
<b>Less: Creditors - amounts falling due within one year</b>	12	<b>(9,476)</b>	<b>(9,539)</b>	<b>(10,117)</b>	<b>(10,105)</b>
<b>Net current (liabilities)</b>		<b>(6,373)</b>	<b>(6,521)</b>	<b>(5,446)</b>	<b>(5,642)</b>
<b>Total assets less current liabilities</b>		<b>67,328</b>	<b>67,342</b>	<b>65,199</b>	<b>65,174</b>
Creditors: amounts falling due after more than one year	13	(40,645)	(40,645)	(38,100)	(38,100)
<b>Provisions</b>					
Defined benefit obligations	21	(40,136)	(40,136)	(26,054)	(26,054)
Other provisions	15	(980)	(980)	(915)	(915)
<b>Total net (liabilities)/assets</b>		<b>(14,433)</b>	<b>(14,419)</b>	<b>130</b>	<b>105</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		(15,433)	(15,419)	(870)	(895)
Capital reserve	17	1,000	1,000	1,000	1,000
<b>Total unrestricted reserves</b>		<b>(14,433)</b>	<b>(14,419)</b>	<b>130</b>	<b>105</b>

The financial statements on pages 32 to 63 were approved and authorised for issue by the Corporation on \_\_\_\_\_ and were signed on its behalf on that date by:

**K Prince** - Chairman

**A Andreas** - Principal, Chief Executive and Accounting Officer

# COLCHESTER INSTITUTE

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 JULY 2020

	Notes	2020 £000	2019 £000
<b>Cash inflow from operating activities</b> (Deficit) for the year		<b>(2,798)</b>	(1,822)
<b>Adjustment for non-cash items</b>			
Depreciation		2,816	2,705
Decrease in stock		10	11
Decrease in debtors		716	386
(Decrease in creditors due within one year (Decrease) in creditors due after one year		<b>(653)</b> <b>(934)</b>	(1,209) (862)
Increase in provisions		65	46
Pension costs less contributions payable		2,317	2,127
Disposal of fixed assets		46	-
<b>Adjustment for investing or financing activities</b>			
Investment income		(9)	(19)
Interest payable		745	790
<b>Net cash flow from operating activities</b>		<b>2,321</b>	2,153
<b>Cash flows from investing activities</b>			
Capital grants received		3,873	3,456
Investment income		9	19
Payments made to acquire fixed assets		<b>(5,617)</b>	(5,017)
Proceeds from sale of assets		35	-
		<b>(1,700)</b>	(1,542)
<b>Cash flows from financing activities</b>			
Interest paid		<b>(713)</b>	(749)
Interest element of finance lease rental payments		<b>(32)</b>	(41)
Repayments of amounts borrowed		<b>(407)</b>	(391)
Capital element of finance lease rental payments		<b>(311)</b>	(149)
		<b>(1,463)</b>	(1,330)
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>		<b>(842)</b>	(719)
Cash and cash equivalents at the beginning of the year	16	2,732	3,451
Cash and cash equivalents at the end of the year	16	1,890	2,732

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

### 1 ACCOUNTING POLICIES

#### Statement of accounting policies

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

#### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the College Accounts Direction for 2019/20 and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain fixed 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 Report of the Members of the Corporation Board. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £10m of loans outstanding with bankers on terms negotiated in 2009. The terms of the existing agreement are for up to another 16 years. The College’s forecasts and financial projections indicate that it will be able to operate within the existing agreement and it can be confident of supporting any new agreement in the 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.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 1 ACCOUNTING POLICIES - *(continued)*

#### **Basis of consolidation**

The consolidated financial statements incorporate all the activities of the Corporation and its subsidiary undertaking, Colchester Institute Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. The consolidated financial statements include all income earned from third parties. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2020.

#### **Recognition of income**

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 or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the Funding body at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the Funding body. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

In years in which the College is subject to a funding audit, the recurrent grant from the funding bodies is that receivable as determined by the results of the funding audit undertaken.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

The recurrent grant from Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Income from tuition fees is recognised in the period for which it relates and includes all fees payable by students or their sponsors. The costs of any bursaries paid to students are included as expenditure in note 3.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned

#### **Post-employment benefits**

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

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 1 ACCOUNTING POLICIES - *(continued)*

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 payrolls. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the college is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the period during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at a current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the cost of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in 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 the service to the College. Any unused benefits are accrued and measured as an additional amount the College expects to pay as a result of the unused entitlement.

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pensions to former members of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pensions of former members 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.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 1 ACCOUNTING POLICIES - *(continued)*

#### Tangible fixed assets

##### (a) 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. Building improvements made since incorporation are included in the balance sheet at cost.

Freehold buildings are depreciated over their useful lives of between 15 and 73 years from the date of the revaluation or date of acquisition, whichever is later. Leasehold buildings are depreciated over the term of the lease. No depreciation is provided on buildings until they are brought into use. Freehold land is not depreciated.

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

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. An impairment review will also be carried out if there have been favourable events or changes in circumstances since the impairment loss was recognised that would indicate that the impairment loss no longer exists or may have decreased.

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

In these accounts, to align with the requirements of FRS 102, the college has transferred the revaluation reserve to income and expenditure reserve.

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

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

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

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 1 ACCOUNTING POLICIES - *(continued)*

#### (b) Equipment

Equipment costing less than £3,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment is depreciated on a straight line basis over 3 to 15 years.

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

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.

#### 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. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

#### Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

#### Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 1 ACCOUNTING POLICIES - *(continued)*

#### **Provisions**

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

#### **Investments**

Investments are stated at the lower of their cost and net realisable value.

#### **Cash and Cash Equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practise 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 investment when it has a maturity of 3 months or less from the date of acquisition.

#### **Financial liabilities and equity**

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

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction cost (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

#### **Stock**

Stock is stated at the lower of cost or net realisable value.

#### **Learner Support Fund**

The Learner Support Fund grant from the funding bodies is available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account and are shown separately in note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 1 ACCOUNTING POLICIES - *(continued)*

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

*Other key sources of estimation uncertainty:*

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programs 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 21 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2020. 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.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 2 FUNDING BODY GRANTS

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
<b>Recurrent grants</b>				
Education and Skills Funding Agency- adult	2,379	2,379	2,479	2,479
Education and Skills Funding Agency- 16-18	17,420	17,420	19,610	19,610
Education and Skills Funding Agency- apprenticeships	4,696	4,696	4,367	4,367
Office for Students	537	537	565	565
<b>Specific grants</b>				
Education and Skills Funding Agency	770	770	620	620
Teacher Pension Scheme contribution grant	721	721	-	-
Releases of Government capital grants	895	895	869	869
Education and Skills Funding Agency- provider relief scheme	165	165	-	-
	<u>27,583</u>	<u>27,583</u>	<u>28,510</u>	<u>28,510</u>

In the year, all Higher Education funding was received direct from the Higher Education Funding Council for England (HEFCE).

The College sub-contracts a small proportion of its Education and Skills Funding Agency contract allocation to a number of Work Based Learning providers in the area. The income shown above includes that earned by the College in its capacity as both a provider and also the gross amount of any sub-contractual provision.

Under the provider release scheme, the corporation received funding of £165,000 from the ESFA. This amount was fully spent in the year.

#### **Analysis of level 4 qualifications grant and fee income included within note 2 Funding Body Grants and note 3 Tuition Fees and Education Contracts**

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Grant income from the Office for students	537	537	565	565
Grant income from other bodies	2,379	2,379	2,479	2,479
Fee income for taught awards (exclusive of VAT)	664	664	295	295
Fee income for non-qualifying course	8	8	11	11
Total	<u>3,588</u>	<u>3,588</u>	<u>3,350</u>	<u>3,350</u>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 3 TUITION FEES AND EDUCATION CONTRACTS

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Adult education fees	749	497	992	595
Apprenticeship fees and contracts	64	64	253	253
Fees for FE loan supported courses	578	578	634	634
Fees for HE loan supported courses	5,974	5,974	6,631	6,631
European (excluding UK) students	-	-	24	24
International students fees	-	-	26	26
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total tuition fees</b>	<b>7,365</b>	<b>7,113</b>	<b>8,560</b>	<b>8,163</b>
Education contracts	168	168	236	236
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>7,533</b>	<b>7,281</b>	<b>8,796</b>	<b>8,399</b>

There were no tuition fees funded by bursaries in 2019/20 (2019 : £10,155).

### 4 OTHER INCOME

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Catering and residences	97	97	189	189
Other income generating activities	1,711	1,640	1,646	1,537
Miscellaneous income	98	98	205	189
Coronavirus job retention scheme grant	333	320	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>2,239</b>	<b>2,155</b>	<b>2,040</b>	<b>1,915</b>

The Group furloughed some support staff, some technicians and assistants in commercial teaching areas under the terms of the Coronavirus Job Retention Scheme. The funding received of £333,000 relates to staff costs which are included within the staff costs notes below as appropriate.

### 5 INVESTMENT INCOME

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Other interest received	9	9	19	18
	<hr/>	<hr/>	<hr/>	<hr/>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 6 STAFF COSTS

#### Staff numbers

The average number of persons (including key management personnel) employed by the College during the year, disclosed on an average headcount basis, was:

	Consolidated	
	2020	2019
	Number	Number
Teaching staff	292	303
Non-teaching staff	376	406
	<u>668</u>	<u>709</u>

#### Staff costs for the above persons

	Consolidated	
	2020	2019
	£000	£000
Wages and salaries	18,543	19,032
Social security costs	1,695	1,743
Other pension costs	5,649	4,664
Redundancy costs	44	158
	<u>25,931</u>	<u>25,597</u>
Contracted out staffing services	404	247
	<u>26,335</u>	<u>25,844</u>

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive which comprises the Principal and Chief Executive and the Vice Principals. Also included in the below analysis is the Clerk to the Corporation as a designated senior postholder.

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

	2020	2019
	Number	Number
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 6 STAFF COSTS - (continued)

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

	Key management personnel		Other Staff	
	2020	2019	2020	2019
£ 30,001 to £ 35,000	1	-	-	-
£ 40,001 to £ 45,000	-	1	-	-
£ 65,001 to £ 70,000	2	2	-	-
£ 85,001 to £ 90,000	2	2	-	-
£120,001 to £125,000	1	1	-	-
	6	6	-	-
	6	6	-	-

Key management personnel compensation is made up as follows:

	2020 £000	2019 £000
Salaries - gross of salary sacrifice and waived emoluments	462	470
Employers National Insurance	56	58
Benefits in Kind	-	-
	518	528
Pension contributions	99	74
	617	602
<b>Total emoluments</b>	<b>617</b>	<b>602</b>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	Consolidated	
	2020 £000	2019 £000
Salaries	122	122
Employers National Insurance	16	16
	138	138
	138	138

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 6 STAFF COSTS - *(continued)*

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Pension contributions	<u>25</u>	<u>19</u>

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple  
Principal and CEO's basic salary as a multiple of the median of all staff 4.7.

Principal and CEO's total remuneration as a multiple of the median of all staff 4.7.

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

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future

The remuneration package of the Principal and Chief Executive is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 7(a) OTHER OPERATING EXPENSES

	<b>Group 2020 £000</b>	<b>College 2020 £000</b>	<b>Group 2019 £000</b>	<b>College 2019 £000</b>
Teaching costs	<b>4,202</b>	<b>4,068</b>	5,166	5,043
Non-teaching costs	<b>3,023</b>	<b>2,952</b>	3,419	3,235
Premises costs	<b>2,459</b>	<b>2,380</b>	2,687	2,683
	<b><u>9,684</u></b>	<b><u>9,400</u></b>	<u>11,272</u>	<u>10,961</u>
Other operating expenses include:				
Auditor's remuneration:				
- Financial statements audit	<b>36</b>	<b>34</b>	27	25
- Internal audit fees	<b>16</b>	<b>16</b>	27	27
- Other services provided by financial statements auditors	<b>3</b>	<b>1</b>	-	-
- Loss/(Profit) on disposal of non- current assets	<b>55</b>	<b>55</b>	(5)	(5)
- Depreciation	<b>2,811</b>	<b>2,811</b>	2,705	2,702
- Hire of assets under - operating leases	<b>79</b>	<b>79</b>	79	79
	<b><u>2,811</u></b>	<b><u>2,811</u></b>	<u>2,705</u>	<u>2,702</u>

Auditor's remuneration for financial statements audit includes £33,530 in respect of the College (2019: £24,720).

### 7(b) ACCESS AND PARTICIPATION SPENDING

	<b>2020 £000</b>
Access investment	<b>51</b>
Financial support to students	<b>314</b>
Disability support	<b>37</b>
Research and evaluation (relating to access and participation)	<b>6</b>
	<b><u>1,327</u></b>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 8 INTEREST AND OTHER FINANCE COSTS

	Consolidated	
	2020	2019
	£000	£000
On bank loans, overdrafts and other loans	713	749
On finance leases	32	41
Net interest on defined benefit pension liability (note 21)	582	576
	<u>1,327</u>	<u>1,366</u>

### 9(a) TANGIBLE ASSETS

#### GROUP

	Land and Buildings				
	Assets in the course of Construction	Freehold	Leasehold	Equipment	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 August 2019	5,731	88,560	738	9,223	104,252
Additions	3,333	2,407	-	213	5,953
Disposals	-	(2,002)	-	(291)	(2,293)
Transfers	(4,028)	3,635	-	393	-
At 31 July 2020	<u>5,036</u>	<u>92,600</u>	<u>738</u>	<u>9,538</u>	<u>107,912</u>
<b>Depreciation</b>					
At 1 August 2019	-	25,899	438	7,270	33,607
Charge for the year	-	2,052	16	743	2,811
Impairment reversal	-	3	-	2	5
Elimination in respect of disposals	-	(1,925)	-	(287)	(2,212)
At 31 July 2020	<u>-</u>	<u>26,029</u>	<u>454</u>	<u>7,728</u>	<u>34,211</u>
<b>Net book values</b>					
At 31 July 2020	<u>5,036</u>	<u>66,571</u>	<u>284</u>	<u>1,810</u>	<u>73,701</u>
At 31 July 2019	<u>5,731</u>	<u>62,661</u>	<u>300</u>	<u>1,953</u>	<u>70,645</u>

Land and buildings were revalued as at 1 August 1996 at depreciated replacement cost by Mr N J Percival BSc ARICS. Land and buildings acquired upon the merger with Braintree College were valued on 1 January 2010 at depreciated replacement cost by Mr N J Percival BSc ARICS.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 9(b) TANGIBLE ASSETS

#### COLLEGE

	Land and Buildings				Total £000
	Assets in the course of Construction	Freehold	Leasehold	Equipment	
	£000	£000	£000	£000	
<b>Cost or valuation</b>					
At 1 August 2019	5,731	88,348	738	9,226	104,043
Additions	3,333	2,407	-	199	5,939
Disposals	-	(2,002)	-	(291)	(2,293)
Transfers	(4,028)	3,635	-	393	-
	<u>5,036</u>	<u>92,388</u>	<u>738</u>	<u>9,527</u>	<u>107,689</u>
At 31 July 2020					
	<u>5,036</u>	<u>92,388</u>	<u>738</u>	<u>9,527</u>	<u>107,689</u>
<b>Depreciation</b>					
At 1 August 2019	-	25,831	438	7,270	33,539
Charge for the year	-	2,052	16	743	2,811
Eliminated in respect of disposals	-	(1,925)	-	(287)	(2,212)
	<u>-</u>	<u>25,958</u>	<u>454</u>	<u>7,726</u>	<u>34,138</u>
At 31 July 2020					
	<u>-</u>	<u>25,958</u>	<u>454</u>	<u>7,726</u>	<u>34,138</u>
<b>Net book values</b>					
At 31 July 2020	<u>5,036</u>	<u>66,430</u>	<u>284</u>	<u>1,801</u>	<u>73,551</u>
At 31 July 2019	<u>5,731</u>	<u>62,517</u>	<u>300</u>	<u>1,956</u>	<u>70,504</u>

Land and buildings were revalued as at 1 August 1996 at depreciated replacement cost by Mr N J Percival BSc ARICS.

Land and buildings acquired upon the merger with Braintree College were valued on 1 January 2010 at depreciated replacement cost by Mr N J Percival BSc ARICS.

The net book value of equipment includes an amount of £ 554,193 (2019 : £510,619) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £196,063 (2019 : £125,795).

If land and buildings had not been revalued, they would have been included at the following amounts:

	£000
Cost	74,466
Depreciation based on cost	(18,969)
Net book value based on cost	<u>55,497</u>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 10 NON-CURRENT INVESTMENTS

#### COLLEGE

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Investment in subsidiary company at cost at 1 August 2019 and 31 July 2018	<b>717</b>	717
Amount written off investment at 1 August 2019 and 31 July 2020	<b>(405)</b>	(405)
Net book value of investment at 31 July 2020	<b>312</b>	312

The College owns 200,100 ordinary £1 shares representing 100% of the share capital of Colchester Institute Enterprises Limited, a company incorporated in England and Wales.

The principal activity of Colchester Institute Enterprises Limited is the operation of Colchester Institute Business Solutions, providing professional training services to local employers and supplying refectory and reprographics services to its parent corporation.

### 11 TRADE AND OTHER RECEIVABLES

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year :</b>				
Trade receivables	<b>347</b>	<b>287</b>	970	873
Amounts owed by the ESFA	<b>204</b>	<b>204</b>	240	240
Prepayments and accrued income	<b>633</b>	<b>631</b>	690	690
	<b>1,184</b>	<b>1,122</b>	1,900	1,803

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Payments received in advance	1,977	1,977	798	798
Trade payables	545	545	1,101	1,089
Capital creditors	149	149	893	893
Accruals and deferred income	3,237	3,234	3,794	3,778
Deferred income – Government capital grants	859	860	869	869
Deferred income – government revenue grants	-	-	141	141
Other payables	1,049	1,049	943	943
Other taxation and social security	912	940	834	846
Loan – Colchester Institute Foundation Trust	43	43	51	51
Amounts owed to group undertakings	-	37	-	2
Obligations under finance leases	273	273	286	286
Bank loan	432	432	407	407
	<u>9,476</u>	<u>9,539</u>	<u>10,117</u>	<u>10,105</u>

Net obligations under finance leases are secured on the assets to which they relate. Included in the liability for other taxation and social security is an amount of £95,000 due to HM Revenue & Customs in respect of a claim made by the College under the Lennartz Scheme. The liability represents the College's best estimate of the amount repayable to HM Revenue & Customs under the provisions of this Scheme. Payments received in advance includes a sum of £1,843,000 received 'on account' ahead of the completion of the land sale transaction at the Braintree Campus which converted in December 2020.

### 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
Bank loan	9,565	9,565	9,997	9,997
Obligations under finance leases	453	453	415	415
Deferred income – Government capital grants	30,627	30,627	27,688	27,688
	<u>40,645</u>	<u>40,645</u>	<u>38,100</u>	<u>38,100</u>

Net obligations under finance leases are secured on the assets to which they relate.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 14 MATURITY OF DEBT

#### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	<b>Group 2020 £000</b>	<b>College 2020 £000</b>	<b>Group 2019 £000</b>	<b>College 2019 £000</b>
In one year or less	432	432	407	407
Between one and two years	452	452	431	431
Between two and five years	1,485	1,485	1,418	1,418
In five years or more	7,629	7,629	8,147	8,147
	<u>9,998</u>	<u>9,998</u>	<u>10,403</u>	<u>10,403</u>

At 31 July 2020 the total bank loan to be repaid was £9,997,646. The loan is to be repaid by May 2036 with repayments having started in August 2013. Under the agreement currently in place, the loan interest is fixed at 6.59% until full term of the loan; the loan is secured against the campuses at Sheepen Road, Colchester and Church Road, Clacton.

#### (b) Finance leases

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

	<b>Group 2020 £000</b>	<b>College 2020 £000</b>	<b>Group 2019 £000</b>	<b>College 2019 £000</b>
In one year or less	273	273	286	286
Between one and two years	245	245	189	189
Between two and five years	207	207	226	226
In five years or more	-	-	-	-
	<u>725</u>	<u>725</u>	<u>701</u>	<u>701</u>

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

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 15 PROVISIONS

#### GROUP AND COLLEGE

	Defined benefit obligations £000	Enhanced pensions £000	Total £000
At 1 August 2019	26,054	915	26,969
Expenditure in the period	(1,721)	(46)	(1,767)
Additions in the period	15,803	111	15,914
	<u>40,136</u>	<u>980</u>	<u>41,116</u>
At 31 July 2020	<u>40,136</u>	<u>980</u>	<u>41,116</u>

The enhanced pension provision relates to the cost of staff that have already left the College's employ. This provision has been recalculated in accordance with ESFA requirements.

The principal assumptions for this calculation are price inflation of 2.2% and a discount rate of 1.3%.

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 21.

### 16 CASH AND CASH EQUIVALENTS

	At 31 Aug 2019 £000	Cash flows £000	Other changes £000	At 31 July 2020 £000
Cash and cash equivalents	2,732	(842)	-	1,890
	<u>2,732</u>	<u>(842)</u>	<u>-</u>	<u>1,890</u>

### 17 CAPITAL RESERVE

	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
At 1 August 2019 and 31 July 2020	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The capital reserve has been set up to provide funds for the future replacement of capital assets.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 18 LEASE OBLIGATIONS

At 31 July 2020 the College had minimum lease payments under non-cancellable operating leases as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Land and buildings:		
Not later than one year	<b>34</b>	37
Later than one year and not later than five years	<b>71</b>	94
Later than five years	<b>115</b>	126
	<u><b>220</b></u>	<u>257</u>
Other:		
Not later than one year	<b>68</b>	80
Later than one year and not later than five years	<b>83</b>	124
Later than five years	-	-
	<u><b>151</b></u>	<u>204</u>
<b>Total lease payments due</b>	<u><b>371</b></u>	<u>461</u>

### 19 CAPITAL COMMITMENTS

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Commitments contracted at July	<b>290</b>	3,275

### 20 EVENTS AFTER THE REPORTING PERIOD

In December 2020, the College completed on the land sale agreement at Braintree Campus that has supported the College's financial contribution to the Capital Masterplan 2018 – 2020.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 21 DEFINED BENEFIT OBLIGATIONS

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

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

#### Total pension cost for the year

	2020 £000	2020 £000	2019 £000	2019 £000
TPS: Contributions payable		1,989		1,431
LGPS: Contributions payable	1,721		1,656	
FRS 102 (28) charge	1,746		1,551	
Charge to the statement of comprehensive income		3,467		3,207
Enhanced Pension charge to comprehensive income		111		91
<b>Total pension cost for year</b>		<b>5,567</b>		<b>4,729</b>

Contributions amounting to £401,023 (2019: £325,534) were payable to the schemes at 31 July 2020 and are included within creditors.

#### Teachers' Pension Scheme

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

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

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

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - *(continued)* YEAR ENDED 31 JULY 2020

### 21 DEFINED BENEFIT OBLIGATIONS – *(continued)*

#### **The Teachers' Pension Scheme continued**

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 £1,989,000 (2019: £1,431,000)

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 21 DEFINED BENEFIT OBLIGATIONS – (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Essex County Council. The total contribution payable for the year ended 31 July 2020 was £2,253,000 (2019: £2,181,670) of which employer's contributions totalled £1,721,000 (2019: £1,656,801). The agreed contribution rates for future years for employers was 13% up until March 2017, 15.6% from April 2017 and 20.2% from April 2020 onwards. The range for employee contributions is from 5.5% to 12.5% depending on salary. The following information is based upon the latest actuarial valuation of the Fund as at 31 March 2016, updated to 31 July 2020, by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31.7.20	At 31.7.19	At 31.7.18
Rate of increase in salaries	2.25%	2.35%	2.35%
Rate of increase in pension payments	2.25%	2.35%	2.35%
Discount rate for scheme liabilities	1.35%	2.10%	2.35%
Inflation assumptions (CPI)	2.25%	2.35%	2.35%

Members will exchange half of their commutable pension for cash; members will retire at one retirement age for all tranches of benefit and 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

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

	At 31.7.20	At 31.7.19
Retiring today:		
Males	21.8	21.3
Females	23.8	23.6
Retiring in 20 years:		
Males	23.2	23.0
Females	25.2	25.4

	At 31.7.20 £000	At 31.7.19 £000
<b>Sensitivity analysis on Present Value of Total Obligation:</b>		
Discount rate +0.1%	101,837	84,282
Discount rate -0.1%	106,489	87,583
Long term salary increase +0.1%	104,301	86,222
Long term salary increase -0.1%	103,973	85,876
Pension increases and deferred revaluation +0.1%	106,302	87,673
Pension increases and deferred revaluation -0.1%	102,018	84,456
Mortality assumption – 1 year increase	108,486	89,687
Mortality assumption – 1 year decrease	99,966	82,563

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 21 DEFINED BENEFIT OBLIGATIONS – (continued)

#### Local Government Pension Scheme – (continued)

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

	Fair Value at 31.7.20 £000	Fair Value at 31.7.19 £000
Equities	39,655	37,818
Gilts	2,734	3,299
Other bonds	3,581	3,375
Property	4,973	4,799
Cash	1,740	1,751
Alternative assets	7,435	5,873
Other	3,882	3,079
	<hr/>	<hr/>
Total market value of assets	64,000	59,994
Actual return on plan assets	<u>2,065</u>	<u>4,276</u>

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

	2020 £000	2019 £000
Fair value of plan assets	64,000	59,994
Present value of plan liabilities	(104,136)	(86,048)
	<hr/>	<hr/>
<b>Net pensions liability</b>	<u>(40,136)</u>	<u>(26,054)</u>

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

	2020 £000	2019 £000
<b>Amounts included in staff costs</b>	<b>£000</b>	<b>£000</b>
Current service cost	3,417	3,178
Past service cost	50	29
	<hr/>	<hr/>
<b>Total</b>	<u>3,467</u>	<u>3,207</u>
<b>Amounts included in interest and other finance costs</b>	<b>571</b>	<b>576</b>
Net interest cost	<hr/>	<hr/>
	<u>571</u>	<u>576</u>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 21 DEFINED BENEFIT OBLIGATIONS – (continued)

#### Local Government Pension Scheme – (continued)

##### Amounts recognised in Other Comprehensive Income

	2020	2019
	£000	£000
Return on pension plan assets	802	2,806
Experience loss on defined benefit obligation	(953)	-
Changes in assumptions underlying the present value of plan liabilities	(14,434)	(9,568)
Other actuarial gains	1,655	-
Changes in demographic assumptions	1,165	4,579
<b>Amount recognised in Other Comprehensive Income</b>	<b>(11,765)</b>	<b>(2,183)</b>

##### Movement in net defined benefit liability

	2020	2019
	£000	£000
Net defined benefit in scheme at 1 August 2019	(26,054)	(21,744)
Movement in year:		
Current service cost	(3,417)	(3,178)
Past service cost	(50)	(29)
Employer contributions	1,721	1,656
Net interest on the defined liability	(571)	(576)
Actuarial (loss) / gain	(11,765)	(2,183)
<b>Net defined benefit liability at 31 July 2020</b>	<b>(40,136)</b>	<b>(26,054)</b>

#### Deficit contributions

The College continues to make monthly deficiency catch up payments to the Essex Pension Fund, as the applicable Local Government Pension Scheme. The current rate is c£113k per annum in addition to the ongoing primary rate of 20.2% of monthly salaries for eligible members. The next triennial valuation will take place in 2022 to set new rates applicable from April 2023.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 21 DEFINED BENEFIT OBLIGATIONS – (continued)

#### Local Government Pension Scheme – (continued)

#### Asset and liability reconciliation

#### Changes in the present value of defined benefit obligation

	2020 £000	2019 £000
Defined benefit obligation at start of period	86,048	76,935
Current service cost	3,417	3,178
Interest cost	1,793	2,024
Contributions by scheme participants	532	545
Change in financial assumptions	14,434	9,568
Change in demographic assumptions	(1,165)	(4,579)
Estimated benefits paid	(1,926)	(1,652)
Past service cost	50	29
Experience gains and losses on defined benefit obligations	953	-
<b>Defined benefit obligation at end of period</b>	<b>104,136</b>	<b>86,048</b>

The estimated impact of the recent McCloud judgement has been allowed for as a past Service Cost. The estimated impact on the total liabilities as at 31 July 2020 is £50,000 (0.05% of total liabilities).

#### Changes to fair value of plan assets

	2020 £000	2019 £000
Fair value of assets at start of period	59,994	55,191
Interest on plan assets	1,263	1,470
Return on plan assets less interest	802	2,806
Employer contributions	1,721	1,656
Contributions by scheme participants	532	545
Administration expenses	(41)	(22)
Estimated benefits paid	(1,926)	(1,652)
Other actuarial gains/(losses)	1,655	-
<b>Fair value of plan assets at end of period</b>	<b>64,000</b>	<b>59,994</b>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 JULY 2020

### 22 RELATED PARTY TRANSACTIONS

Due to the nature of the Institute's operations and the composition of the Board of Governors (some 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 organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the Institute's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £184 to a total of 1 Governor (2019 : £328; 1 Governor). This represented travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiary during the current or previous year.

Transactions with the ESFA and OfS are detailed in notes 2 and 11.

#### Subsidiary companies

At 31 July 2020 Colchester Institute owed Colchester Institute Enterprises Limited £37,000 (2019: £2,000).

### 23 AMOUNTS DISBURSED AS AGENT

#### Learner support funds

	2020 £000	2019 £000
<b>Access Funds</b>		
Funding body grants	401	431
Disbursed to and on behalf of students	(401)	(431)
	<hr/>	<hr/>
<b>Balance as at 31 July 2020</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>

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 income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.

# Virtual Cabinet Portal Digital Signatures

## Digital Signature Verification

You can verify that this is a genuine Virtual Cabinet Document Portal signed document by uploading it to the following secure web page:

<https://www.virtualcabinetportal.com/VerifySignedDocument>

## Signature Dates and Times

All dates and times shown in the signatures below are expressed in Coordinated Universal Time (UTC), which is generally equivalent to GMT.

You can find out more about UTC at the following web page:

<http://www.virtualcabinetportal.com/WhatIsUTC>

## Signature 1

Signed by Kevin Prince using authentication code T2FyL0duMW9IODRP at IP address 176.251.54.127, on 2020/12/18 16:41:48 Z.

Kevin Prince's e-mail address is: [Chair@colchester.ac.uk](mailto:Chair@colchester.ac.uk).

## Signature 2

Signed by Alison Andreas using authentication code fGY+ZI7CozYpRVIZTw== at IP address 212.219.90.173, on 2020/12/18 16:42:43 Z.

Alison Andreas's e-mail address is: [alison.andreas@colchester.ac.uk](mailto:alison.andreas@colchester.ac.uk).

## Signature 3

Signed by Tim O'Connor using authentication code Vj5rS3ooayIFR0RN at IP address 51.145.53.248, on 2020/12/18 19:29:47 Z.

Tim O'Connor's e-mail address is: [tim.oconnor@scruttonbland.co.uk](mailto:tim.oconnor@scruttonbland.co.uk).