



ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2021

COLCHESTER INSTITUTE

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REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

A Andreas
L Blake
P Cook
M Davies
P Donnelly
P Giddings
L Goodall
I Kettle
J Patel
K Prince
B Rich
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 auditor	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

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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 2021.

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 of the Charities Act 2011.

MISSION, VISION, VALUES, STRATEGY AND OBJECTIVES

- 2 In January 2021 College leaders agreed and launched a new Strategic Plan, and in doing so agreed a revised Vision, Mission ('Purpose') Statement and revised College values. In addition to this ten new Strategic Goals were identified.

VISION

- 3 By 2024 Colchester Institute will be celebrated as an outstanding provider of education and training in the Eastern region, recognised for its significant contribution to the social and economic recovery of individuals and organisations following the events of 2020.

PURPOSE

- 4 Education transforms and enriches lives. Colchester Institute's purpose is to develop students' academic, technical and professional skills, and the knowledge and behaviours to succeed in life, work, and to support the local economy.

VALUES

- 5 It matters to us that we're...
 - **Student-focused** with students at the heart of our decisions, choices and priorities
 - **Ambitious** for our students, our staff and for our College's future
 - **Inclusive** – welcoming staff and students from all walks of life on programmes from entry to degree level
 - **Collaborative** – working in partnership with others to achieve our goals
 - **Open and honest** - acting with responsibility and integrity in all that we do
 - **An employer** that recognises, values and develops our staff

OUR GOALS

- 6 Over the period of the plan (2021 – 2024) we will produce an annual programme of activity that will enable us to:
 1. Provide an outstanding experience which enables students to succeed in their qualification goals, progress to the highest levels of learning and move on to destinations that fully reflect their achievements at Colchester Institute.

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2. Create a teaching and learning environment that encourages reflection on learners and learning, methods and approaches, and allows us to challenge and change the way we do things whether in a classroom, workshop or virtual environment.
3. Offer a curriculum that not only provides the skills needed for successful careers, but also supports and develops the whole person towards being an active, effective and valued member of their community.
4. Seek new ways to promote equality, diversity and inclusivity in all our operations, ensuring they are fully embedded into the curriculum for all students, and aspiring to parity of recruitment, achievement and opportunity for both students and staff.
5. Become a provider of choice for more employers to meet not only their training and workforce requirements, but other business development needs.
6. Fulfil our social and environmental responsibility through our actions as an organisation and through our privileged position as an influencer of young people and adults, including contributing to the drive towards net zero carbon
7. Become an employer of choice, which recognises, trusts, empowers and develops its workforce; and takes positive steps to ensure that the workforce is truly representative of the communities we serve.
8. Maximise the recent re-development of the Braintree Campus, through increased stakeholder engagement and a curriculum, across all provision types, that fully reflects the District's needs.
9. Further develop the digital and physical resources that support the ambitions of this plan; delivering sector leading advances through ongoing strategic digital transformation and ensuring that physical resources reflect modern and future work environments.
10. Secure the future of our organisation through strategic investment; sound financial planning and control; careful risk management and appropriate commercial decision-making.

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

COLLEGE CONTEXT

- 7 The College provides professional and technical education and training for the largely rural and coastal populations of the Colchester Borough and the districts of Braintree and Tendring in North Essex.
- 8 In 2020/21, the College operated from two main delivery sites (Colchester and Braintree) and four outreach centres, the latter enabling adults to enter, re-enter or improve their employment. Two of these sites are in Tendring, with a job density ratio of 0.57, significantly lower than the Essex average of 0.77 and the UK average of 0.84. Indeed, all three districts have lower than average jobs density, and residents of the Braintree and Tendring Districts have significantly lower 'highest qualification' levels than the national average.
- 9 There is a clear divide in Colchester's Post-16 offer, with the opportunity for 16-year olds to pursue either a largely academic (A Level) route at The Sixth Form College, or at one of four school sixth forms; or to take up professional and technical education and training - either classroom based or work-based - at Colchester Institute.

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- 10 The curriculum offer profile of local institutions explains a significant and notable characteristic of Colchester Institute's student body - an unusually low profile of Level 2 achievement on entry to the College. An analysis of all known prior results of 16 – 18 year olds shows that the average GCSE grade on entry (across all subjects) is a Grade 3. In 2020-21, 53% of 16-18 students arrived at Colchester Institute without a grade 4 in Maths and English compared to 48% in GFE colleges generally. With 16-18-year-old learners whose main qualification is at Level 2 or below make up 32% of all enrolments, compared to 24% nationally.
- 11 In April 2021, the College was subject to a cyber security attack, which impacted, in particular, business support areas and the ability for staff and students to access college systems remotely. Teaching and learning on campus and remotely via Zoom was largely unaffected, but this created a significant interruption to outreach centres, impacting continuity of delivery (for a second time, following the national lockdown earlier in the year) for those adult learners.
- 12 The College was supported by a range of third party providers to recover systems and further strengthen cyber security in excess of levels recommended for the Further and Higher Education sectors.

RESPONSE TO COVID-19

- 13 As a result of the need to support social distancing in education for most of the year, students' timetables followed a blended model, with around half of all contact hours taking place on campus and half remotely. The College supported those students struggling to access their learning from home, by supplying devices or making special arrangements for them to access remote learning from the campuses. Teachers honed the skills they had learned quickly in the latter part of 2019/20 to teach and facilitate learning remotely, and student engagement remained high all year.
- 14 Staff in support areas also worked flexibly and adaptably to keep the College's business operations running and to support students and teachers in new and different ways.
- 15 Staff and students reported feeling confident throughout 2020/21 based on the significant Covid-19 safety measures put in place to protect campus users both before and after the enforced campus closure between early January and mid-March.
- 16 The College responded well to the government's request to set up testing facilities on re-opening after the lockdown in March 2021. Over 3,000 tests were carried out for students on campus on their return, giving those who were not in the habit of testing the confidence to start or continue regular testing at home. The onsite testing centre was run entirely by staff volunteers, which included a wide range of support staff and many senior managers – a prime example of the team spirit and adaptability displayed by College staff throughout the pandemic.

FINANCIAL OBJECTIVES

- 17 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 continue to operate within all current and future financial loan covenants agreed with principal bankers.

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- 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 operating cash flow during each year before capital expenditure.
- 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.
 - 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 and financial procedures.
 - Providing adequate information to ensure that relevant stakeholders are kept up-to-date with the financial position.

EMPLOYED RESOURCES

Staff Numbers

- 18 The table below shows the headcount of core and hourly paid staff at the College as at 31 July 2021.

	Headcount on 31 July 2021
Teaching staff	340
Non Teaching staff	433
Total	773

- 19 Good relations exist between College leaders and the recognised Trade Unions. The College has a well-established Reward and Recognition Policy, with monthly and annual staff awards made for outstanding contributions. Over the past eighteen months, additional emphasis has been placed on staff wellbeing through a range of communications to staff from the College Principal and the Human Resources team.

Student Numbers 2020/21

Provision Type	Number of learners	Number of learning aims
Education Programmes for Young People (16 – 18)	3917	6905
Adult Learning Programmes	2048	2572
Apprenticeships	1051	n/a
High Needs Students	72	173
Higher Education – Full Time	441	n/a
Higher Education - Part Time	131	n/a

- 20 The College's balance of adults to young people is atypical against the national profile of General Further Education Colleges. Adults make up 41% of enrolments nationally, but only 28% of enrolments in Colchester Institute. The College works in close partnership with the Department for Work and Pensions and the National Careers Service to support adults to pursue a range of qualifications aimed to secure meaningful destinations including work and further study.
- 21 The College has a large apprenticeship offer (from Level 2 to Level 6) and works in partnership with over one thousand employers across a variety of sectors both locally and regionally. The College has established a number of programmes to meet specific employer requests, in particular at Higher levels.
- 22 The College has a long history of offering Higher Education and does so under the banner of University Centre Colchester (UCC). The longstanding validation arrangement with the University of Essex is running out, and students joining UCC in September 2020 did so onto programmes mainly validated by the University of East Anglia. The University of Huddersfield continues to validate UCC's Initial Teacher Education programmes and Higher National Certificates and Diplomas are validated by Pearson. UCC's awards range from higher certificates to honours degrees and postgraduate qualifications and are all vocational in their nature. They offer progression routes from most Level 3 subject areas into Higher Education programmes.

Key financial assets**Main Tangible Assets**

- 23 The College owned freehold land, buildings and equipment at a net book value of £69.4m and net assets of £25.1m (before defined benefit pension obligations). The College has freehold ownership of a large main campus at Sheepen Road, Colchester and a smaller campus at Church Lane, Braintree. It also has freehold title to nursery premises in Braintree and Spring Lane Sports Ground in Colchester. Within the freehold sites and in three other leasehold premises, the College owns equipment with a net book value of £1.7m.
- 24 Included within total current assets amounting to £9.2m, are cash reserves amounting to £5.1m and restricted cash amounting to £0.547m. The restricted cash balance relates to a cash deposit held by Barclays Bank on behalf of the College as a replacement for the loan security on fixed assets sold in the year. It is anticipated that the restriction on the cash held will be lifted during 2022 as further loan repayments are made.

College Reputation

- 25 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-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.

Inspections and Reviews

- 26 The College was last fully inspected by Ofsted in November 2018, when the inspectorate returned a judgement that the College Required Improvement. Significant improvements were noted in an Ofsted Monitoring visit in December 2019, when two judgements of Reasonable Progress and two judgements of Significant Progress were recorded against the four areas identified for follow-up scrutiny. In November 2020 Ofsted carried out an interim visit to ascertain how well the College was responding to the pandemic. A very positive report was filed about the robustness of the College's approach. Other than this, there was no inspection activity carried out nationally during 2020/21 although the College was due for a full inspection. This is now expected during 2021/22 and it is hoped that inspectors will once again note the strong progress made since 2018.
- 27 The College continues to be accredited through the Register of Apprenticeship and Training Providers (RoATP) and on a range of other 'frameworks' from which, in particular public sector employers, can procure Apprenticeship provision.
- 28 The College holds Matrix accreditation for the quality of its Careers Education, Information, Advice and Guidance and this was updated most recently in November 2020.

STAKEHOLDERS

- 29 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. Senior leaders sit on a wide range of local Boards and Committees including the North Essex Energy Board, the Braintree District Education and Skills Board, the Tendring Post 16 Education and

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Skills Board and the (Colchester) Strategic Sports Board. The College continued to build on its excellent employer relationships in a number of skills sectors.

- 30 The College has established sound communications with its staff and employs such techniques as providing a fortnightly written briefing, a staff suggestions scheme, 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. During 2020/21 these took place virtually with higher attendance levels than the previous in-person approach permitted, and recordings were accessed later by absentees. The end of year announcement of Annual Award winners took place as usual in early July 2021 – virtually rather than in person. The College continues to recognise relevant trade unions, UCU and Unison, and holds regular meetings and consultations with them. The Trade Unions contributed to (and supported) the plans for Covid safety throughout the various stages of the pandemic, including re-opening the College after the winter term lockdown.
- 31 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. With students attending campus for only around half of their guided learning hours for most of the year, due to pandemic, much of the usual cross college enrichment agenda was paused. With social distancing in place all year, some activities went online, but many were simply not able to take place. A recently introduced student app 'CI Connect' has widened the options for the College to communicate with students en masse and in sub-groups (area, course etc) and provided for students a single central point to access all key college functions such as their timetable, the online shop, the absence line and their emails and to receive notifications about college events and activities or their own engagements such as examinations, careers appointments etc.

PUBLIC BENEFIT

- 32 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 20 and 21. 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 a range of identifiable public benefits through the advancement of education. Indeed, education has been identified as one of the key determinants of health, improving individuals' lives and reducing demand on public services. In addition this 'umbrella' benefit, the College provides the following public benefits:

- 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, and appropriate university places, 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 through the normal course of business operations, and capital developments

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- An anchor institution in the community providing access to high quality facilities for the use of individuals, other employers and groups.

FINANCES

- 33 The 2020-21 financial performance was much improved on the prior year which recorded an operating deficit pre FRS102 and one-off income and costs of £0.470m following the impact of the Covid-19 pandemic in the second half of that year. Whilst income levels fell by £1.2m on the prior year to £36.2m, due to significant operating cost savings, an operating surplus pre FRS102 and one-off income and costs of £0.539m was recorded.
- 34 Tuition fee income fell by £1.7m, of which £1.4m related to Higher Education fees. Other commercial income fell by £0.8m as a result of the further enforced campus closures during the year, however this was offset by higher ESFA recurrent grant income, which increased by £1.4m. The total income reduction was compensated by operating cost savings amounting to £1.4m, whilst staff and other costs remained broadly in line with the prior year.
- 35 During the year the Corporation approved the sale of land at both Braintree and Clacton which served to support completion of the masterplan activity at Braintree and provide support for reinvestment. There was a loss on disposal of £1.2m but it provided for a significant improvement to the balance sheet position where net current liabilities reduced from £6.4m to £2.8m. The deficit for the year (after disposals and including FRS102 pension costs) is recorded as £3.8m. Total comprehensive income is £4.0m following an actuarial gain in respect of the LGPS pension scheme of £7.7m in the year.
- 36 Overall there was an increase in cash reserves of £3.2m as a result positive net cash flow from operating activities and proceeds from the sale of assets. Whilst next year will see further investment in the estate, in support of decarbonisation objectives, the underlying objective is to accumulate further cash reserves over the coming years in order to further improve financial resilience. As a result of the financial performance, a financial health rating of 'Good' was recorded for the first time since 2008.
- 37 The net book value of fixed assets decreased by £4.3m overall. At Colchester Campus the Centre for Health and Social Care Professions was completed which made up the majority of the £2.8m asset additions. There were asset disposals in the year amounting to £4.3m which related to the sale of the Clacton site and part of the Braintree site.
- 38 The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In the year, Government recurrent and specific grants accounts for 80% (2020: 74%) of the Group's total income.
- 39 The Local Government Pension Scheme FRS102 deficit decreased by £4.5m in the year as expected, as the world looks to exit the global pandemic. At 31 July 2021, the net liability had decreased to £35.6m, but was not enough of a favourable movement to offset the increase in liability from the previous year.
- 40 A decision was taken to close the wholly owned subsidiary company as at 31 July 2021. Colchester Institute Enterprises Limited's principal activity was the provision of commercial training, alongside providing services to the College. Due to the Covid-19 pandemic, the trading position worsened and a decision was taken to transfer the activities and assets back to the College. In the last year of trading, the subsidiary recorded an operating loss of £0.139m (2019: profit £0.049m).
- 41 Key performance indicators were monitored throughout the year and the improved operating outturn, supported by a much-improved Balance Sheet position registers a financial health grade of 'Good' for the first time since 2008.

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- 42 The Group was compliant with all loan covenant conditions during the year, and these continue to be monitored on a monthly basis, although formal reporting to the bank is required annually.
- 43 A budget has been approved by the Corporation with an operating surplus (pre-defined benefit obligations and exceptional items) of £0.129m predicted for 2021-22. This is in line with the budgeted operational surplus for 2020-21, with due consideration for further potential business interruption caused by the ongoing Covid-19 pandemic.
- 44 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 completion of the Braintree Campus estate masterplan and further reduction in overheads at other locations.

CASHFLOWS AND LIQUIDITY

- 45 The Group delivered on positive net cash flow on operating activities to the value of £2.5m prior to investment and financing activities to support improved facilities at Braintree and Colchester campuses. With proceeds from the sale of land at Braintree and Clacton, there was an increase in cash during the year of £3.3m.
- 46 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 foreseeable future. Future capital plans are not requiring of further long-term loan finance. No exceptional cashflow support has ever been received from ESFA or other funders.
- 47 The College holds cash reserves amounting to £5.1m and restricted cash amounting to £0.547m. The restricted cash balance relates to a cash deposit held by Barclays Bank on behalf of the College as a replacement for the loan security on fixed assets sold in the year. It is anticipated that the restriction on the cash held will be lifted during 2022 as further loan repayments are made.

FUTURE DEVELOPMENTS

- 48 As the College returns to a more 'normal' delivery mode in 2021/22 a key challenge exists in supporting education recovery by providing students with some of the vital study and assessment skills that they have missed out on following two years of cancelled public examinations. In addition to this, students are demonstrating, in some cases, difficulties in adapting to full on-campus learning, without the restrictions of 'bubbles' that had become the norm in schools and mixing in very small social and educational groups. It is expected that following a second year of Teacher Assessed Grades being awarded, in place of examinations, there will be a further rise in the grade profile of school leavers, potentially leading to a higher number of school leavers opting for an academic (A level) rather than vocational (technical or applied general) route and in turn impacting Autumn enrolments at the College.
- 49 The role of all colleges in their local communities remains vitally important, as the country begins to recover from the acute economic impact and longer-term scarring, from the pandemic. In addition to this, is the need to address skills gaps created by the UK's recent departure from the European Union. With unemployment lower than anticipated at this point, and the government's ambitions for a high skilled, high wage economy, colleges have a key role to play. 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 impact of the pandemic on the front line, such as Health, Care and other Public Services. The College is working closely with the local Hospitals' Trust and this partnership is set to develop further in 2021/22.

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- 50 New curricula has been developed for delivery from Autumn 2021, with a keen emphasis on adult provision, in part, but not exclusively, through the 'lifetime skills guarantee'. New courses will complement existing programmes aimed at the unemployed, through the College's 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.
- 51 Locally and regionally, infrastructure projects, including a Garden Community, two potential 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. During 2020/21, Colchester Institute lent its support to the successful bid led by Hutchison Ports and a range of public and private partners, which resulted in 'Freeport East' centred on the Port of Felixstowe and Harwich International Port being selected as one of eight new Freeports in England. The College is working closely with key partners to ensure that those organisations attracted to the Freeport by taxation and other benefits are supported in meeting their workforce development needs. With its focus on green technologies, it is hoped that this will support a broadening of the College's curriculum offer both in Harwich and in Colchester, for example to support the proposed hydrogen hub in Harwich.
- 52 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. Work will commence in 2021/22 to prepare for T Level delivery from 2023 in areas such as Early Years, Health, Science, Construction and Digital skills. The College is contributing to the national discussion about the rapid withdrawal of certain Applied General Qualifications, which could leave many students without suitable vocational programmes at Level 3.
- 53 The significant focus on Teaching and Learning, which commenced in 2019/20 and was originally supported by funds from the Strategic College Improvement Fund, will continue into 2021/22. Working with a national consultant, the focus on development activity around seven key priorities for high quality teaching and learning (The 'CI7') will continue, and will support teachers to further develop outstanding skills both in the classroom and online. Progress on the main programme slowed during the pandemic as staff needed to develop and hone the skills to deliver learning online but staff are now focussed once again on classroom skills with a key emphasis at the start of 2021/2 on effective questioning, exemplification of excellence and effective feedback.
- 54 An increased focus on social responsibility is a key feature of the College's new Strategic Plan. This includes 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 Diversity, Equity and Inclusion and on carbon reduction. In October 2021, just ahead of COP26, the College declared a climate emergency and signed up to the FE Colleges Climate Change Roadmap.
- 55 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.

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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.

TREASURY AND RESERVES POLICIES AND OBJECTIVES

- 56 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 must be authorised by the Accounting Officer and the Corporation.
- 57 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's reserves include £1.0m held as designated reserves. As at the balance sheet date the Income and expenditure account reserve improved as a result of the reduced FRS102 defined benefit obligation on the Local Government Pension Scheme. The balance was a deficit of £11.478m (2020: deficit £15.433m).
- 58 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.

STREAMLINED ENERGY AND CARBON REPORTING

- 59 There has been a significant focus placed on carbon reduction over the course of the year and the College has signalled its commitment to climate change reduction through its actions in the year as well as through its formal declaration of a climate emergency. The College is working with a range of partners to develop a future net zero strategy that is supported by a large-scale decarbonisation project at Colchester Campus that aims to reduce carbon emissions by 290tCo2 per annum. Other initiatives include significant improvements to thermal properties of buildings (window and roof replacements), new LED light installations and replacement high voltage apparatus to reduce leakage. The College continues to promote the Colchester Green Travel Plan, investing in new cycle facilities and has planted 90 new trees in the period on its grounds. Work has commenced on the FE Climate Action Roadmap alongside a carbon literacy project.

- 60 Total carbon emissions for the period is as follows:
- | | |
|--|-----------|
| Energy Consumption (kWh) | 7,060,238 |
| Intensity Metric (Net Emissions) - Scope 1, 2, 3 (Gross) tCO2e | 1598.01 |

As this is the first year of reporting, there is no comparative data available for this year. The College has an action plan supporting its future net zero strategy to reduce carbon emissions by 50% by 2030.

PRINCIPAL RISKS AND UNCERTAINTIES

- 61 There is a comprehensive list of risks on the Corporate Risk Register. These risks are owned by members of the College Executive and are reviewed by the Risk Management Committee, and the Audit and Risk Committee on a termly basis. The principal risks during the year were identified as follows:-
- **Major Health Outbreak.** The College Executive and the Health and Safety Manager continued to monitor the position on Covid-19 safety and made appropriate decisions based on available information and guidance. An additional task and finish Board

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Committee was also established to oversee the College’s response to the 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.
- **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 financial performance.** There remained a high focus to continue to manage the financial position at times of reduced commercial income during the pandemic.
- **Braintree Masterplan Development.** There were mitigating activities undertaken to ensure timely completion of the sale agreement that completed in December 2020.

KEY PERFORMANCE INDICATORS

62 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 eleventh of 170 GFE Colleges for Study Programme outcomes. For a second year running, due to the disruption of the pandemic, many qualifications were awarded through Centre Assessed Grades, and no government league tables will be produced for 2020/21.

63 The impact of the pandemic was most notable on apprenticeship and adult outcomes, where a number of final assessments were delayed and the employment status of apprentices and others was impacted by the rapid economic downturn.

64 Below are a selection taken from the 50 aspirational KPIs for 2020/21 set and agreed by the Corporation Board and monitored both at management and Board level throughout the year. The quality KPIs were 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.

Target	Full Year Target 2020/21	Outturn 2020/21
Student Attendance – FE	90%	89.2%
Achievement rate – all further education qualifications	87%	88.4%
Success rate - Apprenticeships	70%	68.6%
Retention – all FE enrolments	94%	93.6%
HE - Good Degrees	72%	76%
16-19 FE learner numbers	3780	3917
Apprenticeship Numbers	467	469
HE Enrolments (FT and PT)	504	572
Operational (deficit) pre FRS 102(28) and one off income and costs	£0.127m	£0.539m

STRATEGIC REPORT

- 65 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.
- 66 During the year, the College met key bank covenant measures, including:
- a. 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).
 - b. 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.

STUDENT ACHIEVEMENTS

- 67 2020/21 was the second year of significant disruption to learning caused by the pandemic. With lockdown periods happening earlier in the academic year, there was potential for greater negative impact on learning, however retention and attendance overall remained high, with 9477 leavers on Education and Training programmes with an overall achievement rate of 88.4%, against the most recent national average (19/20) of 86.7%. For most Applied General programmes, formal external assessment was replaced with Teacher Assessed Grades.
- 68 Student outcomes for 16-18 year olds remained positive with an achievement rate of 88.4%, slightly down on previous year. In most subjects, grades were calculated through Teacher Assessed Grades, but alongside these were some qualification adaptations made by the Awarding Bodies. Progress measures for GCSE English and maths improved to a high level, and this is part of a five year improvement trend. The college recorded record highs for the percentage of grade 3 students achieving a grade 4 (40.6% in English and 44% in Maths.) The use of calculated grades in GCSEs could have inflated results, as this did happen nationally. But the College followed a rigorous, evidence led assessment process that was not challenged by either Awarding Body.
- 69 Adult programmes were particularly disrupted during by the lockdown periods and this impacted on completion in some subject areas. Some adults on Accounting programmes (a large subject area) were not able to attend on-site exams (the Awarding Body did not permit alternative assessment methods), thus impacting on achievement rates. Many adults attending Learning Shops were not able to complete their qualifications in year. Adult construction Overall adult achievement rates declined to 82.8% (from 83.4% previous year) reflecting these issues, but this is likely to mirror a national picture.
- 70 Apprenticeship achievement rates rose slightly at 68.6%, and were above the most recent national average, despite significant challenges faced by apprentices and employers. In some sectors large numbers of apprentices were furloughed and some lost employment as a result of the pandemic. Over 100 apprentices with planned end dates in 20/21 will continue into 21/22 due to delays in completing their programme.
- 71 In UCC, 76% of degree students gained first class and upper second class degrees.

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CURRICULUM DEVELOPMENTS

- 72 In 20/21 an additional programme was offered in digital media at Level 4. At the Colchester Campus, health, media, engineering and construction courses continued to see large cohorts, and a newly validated Sports Coaching Level 6 programme which provides a full degree opportunity to students who have achieved HNDs in Sports Coaching, proved very popular in UCC. Apprenticeships continued to expand, particularly in areas such as management, HR and engineering. In the Learning Shops the adult offer was expanded to include a broader range of qualifications designed to enter specific vocational sectors, however the lockdown did impact take up of these significantly.

EXTERNAL QUALITY MONITORING

- 73 The majority of further education qualifications were assessed in 20/21 through the use of teacher assessed grades, and the college successfully met robust external quality monitoring scrutiny from the awarding bodies.

PLANNED MAINTENANCE PROGRAMME AND PROPERTY STRATEGY

- 74 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.
- 75 The Colleges Estates and Accommodation Strategy is updated annually and approved by the Finance and Resources Committee. A key feature of the year was completing condition improvement works at Colchester Campus to the value of £1.6m, of which £1.25m was provided through a ESFA Further Education Capital Allocation.

PAYMENT PERFORMANCE

- 76 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.
- 77 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. It was established that there would be no action required as key contracts continued throughout the year.

DIVERSITY, EQUITY AND INCLUSION

- 78 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 enabled to progress. To this end, the College aims to ensure that all actual or potential learners and employees are treated equitably, regardless of: age, disability; family responsibility, 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, tolerant and respectful citizens; British Values are promoted within a context which ensures increased understanding and appreciation of diversity.

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- 79 The College's newly drafted Diversity, Equity and Inclusion Policy is published on the College website, and there is a separate annual implementation plan. This is resourced, implemented and monitored on a planned basis, including by College Governors.
- 80 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

- 81 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.
 - 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

- 82 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. All staff and governors are obliged to read the annually updated 'Keeping Children Safe in Education' and to make a declaration to say that they have done so. A single central register of all staff and contractors ensures that appropriate checks are in place on those working with our students and that mandatory training has been carried out where appropriate. This is supplemented by the signing of an annual declaration by all staff, that there have been no criminal proceedings against them, or other similar incidents since their last formal DBS check.
- 83 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

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Senior leaders, and others with particular responsibilities within this plan, have received training in this area.

TRADE UNION FACILITY TIME

84 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 2020 to 31 March 2021 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%

GOING CONCERN

85 In line with its financial objectives, the College continues to improve balance sheet reserves. As a result of the estates rationalisation plan and a significant improvement in operating performance 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 current ratio and cash reserves further to a more 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. Course costings is an essential mechanism for monitoring cost of delivery, allowing for timely decision making at curriculum planning events. Business processes continue to be reviewed to ensure efficiencies are achieved, and there will be further work to complete tasks associated within the Estates and Accommodation Strategy which will further reduce operating overheads alongside reducing carbon emissions.

86 A decision on going concern has been made by the Corporation having made the following enquiries to understand whether the College has adequate resources to continue in operational existence for the foreseeable future:

- a. The Corporation undertook a thorough examination of the assumptions underpinning the corporate budget 2021-22 and four-year financial plan, including how these assumptions impacted the short term and long range cashflow forecast and Income and Expenditure statement. The Corporation approved the 2021-22 budget having satisfied itself that the operational and financial plans were suitably robust.
- b. The Corporation has received and approved the detailed monthly management report and accounts for periods 2 and 3 and note a positive start to the year.

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- c. The Corporation has stress tested the financial forecast for the current year and 2022-23 under four different scenarios and discussed these with the College Executive.
- d. The Corporation continues to receive regular updates on 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.

87 Having taken the above into account, the Corporation considers it appropriate that the College does have adequate resources in place to meet its liabilities as they fall due and will 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 enquiries made by the Corporation and the prevailing and current circumstances as at the date of signature below.

EVENTS AFTER THE REPORTING PERIOD

88 The Corporation signed a fixed charge over accounts agreement on 19 August 2021, in order to approve the restriction of College cash reserves (£0.547m) in favour of Barclays Bank for a limited period of time, to facilitate the unrestricted sale of land at Clacton-On-Sea, over which the bank had previously held a security of title. It is expected that the fixed charge will be lifted in full during the 2021-22 academic year, as further loan tranches are repaid.

DISCLOSURE OF INFORMATION TO AUDITOR

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

Approved by order of the Members 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 August 2020 to 31 July 2021 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 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 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 2020/21 *
A Andreas	January 2014	Ex-officio		Principal	C&Q, F&R, GCC	9 out of 9
L Blake	May 2019	4 years		Independent	A&R, R&S	9 out of 9
T Burgess	Nov. 2020		16.06.21	Student	C&Q	1 out of 5
P Cook	February 2020	4 years		Independent	F&R	3 out of 9
M Davies	January 2017	4 years		Independent	Chr A&R, member R&S	8 out of 9
Z Domingue	Nov. 2020		31.07.21	Student	C&Q	2 out of 6
P Donnelly	October 2019	4 years		Independent	C&Q	9 out of 9
L Ellam	October 2019	4 years	08.09.20	Staff	C&Q, GCC	0 out of 0
P Giddings	Nov. 2019	4 years		Independent	F&R	7 out of 9
L Goodall	August 2018	4 years		Staff	A&R	3 out of 8

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I Kettle	February 2020	4 years		Independent	A&R	6 out of 8
K Moule	January 2019	4 years	28.09.21	Independent	Chr of C&Q, Member R&S	2 out of 9
J Patel	January 2020	4 years		Independent	F&R, Chr GCC	6 out of 9
K Prince	January 2008 last re- appointed January 2016	4 years		Independent	Chr of Board, and member of all Committees except A&R	9 out of 9
B Rich	October 2020	4 years		Staff	C&Q	6 out of 8
T Smyth	July 2018	4 years		Independent	C&Q, A&R, GCC	6 out of 9
R Wainwright	October 2011 Re-appointed October 2019	4 years		Independent	Chr F&R and R&S	9 out of 9

* Attendance relates to attendance at Corporation Board meetings during the year under review. (1 August 2020 to 31 July 2021). It does not include attendance at Committee and other meetings.

Key to Committees:

- A&R Audit and Risk Committee
- 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 which met between June 2020 – September 2020)

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) and are available from the Clerk to the Corporation at:

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7. Following the closure of College campuses due to the Coronavirus 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 pandemic and the preparations for the reopening of the College campuses. This Committee held its last meeting in September 2020.
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.

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. In 2020-21 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 2020-21.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

17. For the year ending 31 July 2021, 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 December 2019. There were no updates or amendments during this financial year.

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 2021 shows that for a College in the £30m - £40m income bracket the median College Principal salary in 2020 was £145,881, with the upper quartile at £151,688 and the lower quartile at £128,634 . By comparison the salary for the Principal and Chief Executive at Colchester Institute was £124,000 on 31 July 2021. 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 resultant below cost-of-living pay increases awarded to all staff in the period of her tenure.

20. Details of remuneration for the year ended 31 July 2021 are set out in note 7 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 statements auditor, 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.

25. The Audit and Risk Committee met three times in the year to 31 July 2021. The members of the Committee and their attendance records are shown below:

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Committee member	Meetings attended
L Blake	2
M Davies	3
L Goodall	2
I Kettle	2
T Smyth	3

FINANCE AND RESOURCES COMMITTEE

26. 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

27. 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

28. 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.
29. 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

30. 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 in Colchester Institute for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

31. 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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

32. 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; and
 - the adoption of formal project management disciplines, where appropriate.
33. 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 report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

34. Explained above

Control weaknesses identified

35. None identified

Responsibilities under funding agreements

36. The Corporation undertakes a range of measures to seek assurance that contractual responsibilities under funding agreements are met. Within the year, external reviews were undertaken to monitor compliance with ESFA Funding Rules to identify funding risks and the effectiveness of controls for apprenticeships and in subcontracting controls.
37. There was also a review of compliance with funding regulation for the Discretionary Learner Support Fund, alongside two European Social Fund Audits in the year; all of which provided positive assurance and nil funding clawback.

Statement from the Audit and Risk Committee

38. 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.
39. The specific areas of work undertaken by the Audit and Risk Committee in 2020/21 and up to the date of the approval of the financial statements are:

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Review undertaken	Assurance Level	Recommendations
Financial planning and budgetary control	Substantial Assurance	No recommendation
Student experience – remote learning	Substantial Assurance	2 low and 1 medium level recommendations
Payroll	Substantial Assurance	4 low level recommendations
Safeguarding and student wellbeing	Substantial Assurance	5 low level recommendations

Review of effectiveness

40. 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 auditor, the reporting accountant for regularity assurance and any funding council-appointed ILR auditors in their management letters and other reports.
41. 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.
42. 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 Risk Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk 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 2021 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2021 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 2021.
43. 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; and
- 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 auditor accepts 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 'College') for the year ended 31 July 2021, which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements 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 2020 to 2021* 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's and the College's affairs as at 31 July 2021 and of its surplus 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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

The Corporation of Colchester Institute is responsible for the other information. The other information comprises the information included in the Annual 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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

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, set out on Page 28, 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 Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group or the College intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Governors (as required by auditing standards) and senior management, inspection of the Group's and the College's regulatory and legal correspondence and discussed with the Governors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and the College are subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group and the College are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with the requirements of the Education & Skills Funding Agency, The Charity Commission, Ofsted, health and safety, building regulations, corporate governance including safeguarding and wellbeing, human rights and employment law, anti-bribery and corruption, Food Safety Act 1990 and GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governors and other management and inspection of regulatory and legal correspondence, if any.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the College complies with such regulations, enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

COLCHESTER INSTITUTE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

Use of our report

This report is made solely to the College, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College, 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 REPORT ON REGULARITY
YEAR ENDED 31 JULY 2021**

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 of the financial memorandum/funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Colchester Institute during the year from 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of Colchester Institute and the Department 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 Department those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Colchester Institute and the Department 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 from 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

- A review of the Colleges Self-Assessment Questionnaire for the period from 1 August 2020 to 31 July 2021.
- 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 from 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Scrutton Bland LLP
Chartered Accountants
Colchester**

Date:

COLCHESTER INSTITUTE

**CONSOLIDATED AND COLLEGE STATEMENT OF TOTAL COMPREHENSIVE
INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2021**

		Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Income					
Funding body grants	2	28,776	28,776	27,583	27,583
Tuition fees and education contracts	3	5,800	5,661	7,533	7,281
Other income	4	1,197	1,161	2,239	2,155
Other grants and contracts	5	227	213	2,239	2,155
Investment income	6	2	2	9	9
Total income		<u>36,002</u>	<u>35,813</u>	<u>37,364</u>	<u>37,028</u>
Expenditure					
Staff costs	7	26,494	26,395	26,335	26,249
Other operating expenses	8	8,116	7,835	9,684	9,400
Depreciation	10	2,866	2,866	2,816	2,811
Interest and other finance costs	9	1,310	1,310	1,327	1,327
Total expenditure		<u>38,786</u>	<u>38,406</u>	<u>40,162</u>	<u>39,787</u>
Deficit before asset disposals and impairments		(2,784)	(2,593)	(2,798)	(2,759)
(Loss) on disposal of fixed assets		(1,175)	(1,175)	-	-
Amounts written off investment		-	(205)	-	-
Deficit for the year		<u>(3,959)</u>	<u>(3,973)</u>	<u>(2,798)</u>	<u>(2,759)</u>
Actuarial gain/(loss) in respect of pension scheme	22	7,743	7,743	(11,765)	(11,765)
Total comprehensive Income/(expenditure) for the year		<u>3,784</u>	<u>3,770</u>	<u>(14,563)</u>	<u>(14,524)</u>
Additional disclosure					
Surplus for the year as above		3,784	3,770	(14,563)	(14,524)
Loss on disposal of fixed assets		1,175	1,175	-	-
Staff costs - FRS 102	22	2,627	2,627	1,746	1,746
Interest expense - FRS 102	22	573	573	582	582
Actuarial loss/(gain) - FRS 102	22	(7,743)	(7,743)	11,765	11,765
Operational surplus (deficit) pre FRS 102 and one off income and costs		<u>416</u>	<u>402</u>	<u>(470)</u>	<u>(431)</u>

The comprehensive income/(expenditure) is unrestricted, wholly attributable to the Group and College in respect of continuing activities.

The notes on pages 39 to 65 form part of these financial statements.

COLCHESTER INSTITUTE

**STATEMENT OF CHANGES IN CONSOLIDATED RESERVES
YEAR ENDED 31 JULY 2021**

	Income and expenditure account £000	Capital reserve £000	Total £000
Balance at 1 August 2019	(870)	1,000	130
Deficit from the income and expenditure account	(2,798)	-	(2,798)
Other comprehensive expenditure	(11,765)	-	(11,765)
Total comprehensive expenditure for the year	<u>(14,563)</u>	<u>-</u>	<u>(14,563)</u>
Balance at 31 July 2020	<u>(15,433)</u>	<u>1,000</u>	<u>(14,433)</u>
Balance at 1 August 2020	(15,433)	1,000	(14,433)
Deficit from the income and expenditure account	(3,959)	-	(3,959)
Other comprehensive income	7,743	-	7,743
Total comprehensive income for the year	<u>3,784</u>	<u>-</u>	<u>3,784</u>
Balance at 31 July 2021	<u>(11,649)</u>	<u>1,000</u>	<u>(10,649)</u>

The notes on pages 39 to 65 form part of these financial statements.

COLCHESTER INSTITUTE

**CONSOLIDATED AND COLLEGE BALANCE SHEETS
AS AT 31 JULY 2021**

	Notes	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Non-current assets					
Tangible assets	10	69,426	69,426	73,702	73,551
Investments	11	-	106	-	312
Total non-current assets		69,426	69,532	73,702	73,863
Current assets					
Stocks		23	23	29	27
Trade and other receivables	12	1,907	1,907	1,184	1,122
Restricted cash		547	547	-	-
Cash and cash equivalents	17	5,118	5,118	1,890	1,869
		7,595	7,595	3,103	3,018
Less: Creditors - amounts falling due within one year	13	(10,244)	(10,350)	(9,476)	(9,539)
Net current (liabilities)		(2,649)	(2,755)	(6,373)	(6,521)
Total assets less current liabilities		66,777	66,777	67,328	67,342
Creditors: amounts falling due after more than one year	14	(40,594)	(40,594)	(40,645)	(40,645)
Provisions					
Defined benefit obligations	22	(35,593)	(35,593)	(40,136)	(40,136)
Other provisions	16	(1,239)	(1,239)	(980)	(980)
Total net asset		(10,649)	(10,649)	(14,433)	(14,419)
Unrestricted reserves					
Income and expenditure account		(11,649)	(11,649)	(15,433)	(15,419)
Capital reserve	18	1,000	1,000	1,000	1,000
Total unrestricted reserves		(10,649)	(10,649)	(14,433)	(14,419)

The financial statements on pages 35 to 65 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 2021**

	Notes	2021 £000	2020 £000
Cash inflow from operating activities			
(Deficit) for the year		(3,959)	(2,798)
Adjustment for non-cash items			
Depreciation		2,866	2,816
Decrease in stock		6	10
Decrease in debtors		(723)	716
Increase in restricted cash		(547)	-
Increase in creditors due within one year		1,038	(653)
(Decrease) in creditors due after one year		(1,555)	(934)
Increase in provisions		259	65
Pension costs less contributions payable		3,200	2,317
Loss on disposal of fixed assets		1,175	46
Adjustment for investing or financing activities			
Investment income		(2)	(9)
Interest payable		732	745
Net cash flow from operating activities		<u>2,490</u>	<u>2,321</u>
Cash flows from investing activities			
Capital grants received		1,829	3,873
Investment income		2	9
Payments made to acquire fixed assets		(2,753)	(5,617)
Proceeds from sale of assets		3,082	35
		<u>2,160</u>	<u>(1,700)</u>
Cash flows from financing activities			
Interest paid		(708)	(713)
Interest element of finance lease rental payments		(24)	(32)
Increase in Restricted cash			
Repayments of amounts borrowed		(426)	(407)
Capital element of finance lease rental payments		(264)	(311)
		<u>(1,422)</u>	<u>(1,463)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u><u>3,228</u></u>	<u><u>(842)</u></u>
Cash and cash equivalents at the beginning of the year		<u>1,890</u>	<u>2,732</u>
Cash and cash equivalents at the end of the year		<u><u>5,118</u></u>	<u><u>1,890</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

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. The Group is required to report to external agencies and funders throughout the year based on an operational pre FRS 102 and one off income and costs basis, that ultimately dictates the financial health rating under ESFA methodology. For reasons of consistency, additional voluntary disclosure is included within the Statement of Changes in Consolidated Reserves which provides additional detail on the impact of FRS102 and other exceptional costs within the accounting period.

Going Concern

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

In line with financial objectives, the College continues to improve balance sheet reserves. As a result of the estates rationalisation plan and a significant improvement in operating performance 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 current ratio and cash reserves further to a more 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. Course costings is an essential mechanism for monitoring cost of delivery, allowing for timely decision making at curriculum planning events. Business processes continue to be reviewed to ensure efficiencies are achieved, and there will be further work to complete tasks associated within the Estates and Accommodation Strategy which will further reduce operating overheads alongside reducing carbon emissions.

A decision on going concern has been made by the Corporation having made the following enquiries to understand whether the College has adequate resources to continue in operational existence for the foreseeable future:

- a. The Corporation undertook a thorough examination of the assumptions underpinning the corporate budget 2021-22 and four-year financial plan, including

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

how these assumptions impacted the short term and long range cashflow forecast and Income and Expenditure statement. The Corporation approved the 2021-22 budget having satisfied itself that the operational and financial plans were suitably robust.

- b. The Corporation has received and approved the detailed monthly management report and accounts for periods 2 and 3 and note a positive start to the year.
- c. The Corporation has stress tested the financial forecast for the current year and 2022-23 under four different scenarios and discussed these with the College Executive.
- d. The Corporation continues to receive regular updates on 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.

Having taken the above into account, the Corporation considers it appropriate that the College does have adequate resources in place to meet its liabilities as they fall due and will 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 enquiries made by the Corporation and the prevailing and current circumstances as at the date of signature below.

Basis of consolidation

The consolidated financial statements incorporate all the activities of the College 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 Group does not control those activities. All financial statements are made up to 31 July 2021.

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.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

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 8.

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.

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, reasonable and reliable 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.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

1 ACCOUNTING POLICIES - (continued)

Tangible fixed assets

(a) Land and buildings

Land and buildings inherited from the local education authority in 2003 are stated in the balance sheet 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; and
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

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 an impairment. 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.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

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 in subsidiary undertakings are stated at cost less accumulated impairment charges.

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.

Restricted Cash

Restricted cash refers to sums held on behalf of the Group that it is not able to readily access at Balance Sheet date, but expects to be able to access within the next accounting period and therefore this justifies the treatment as a current asset within the balance sheet.

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 24, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021

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 2021. Any differences between the figures derived from the roll forward approach and full actuarial valuation would impact on the carrying amount of the pension liability.

- *Contingent asset in relation to VAT receivable*

In 2014, the College submitted an appeal against HMRC in respect of the historical treatment of VAT associated with a previous property strategy development. In January 2020, the Upper Tier Tribunal of the Tax Chamber accepted the College's appeal that certain grants received at the time were consideration for a supply made by the College, and therefore that the College was entitled to a repayment of VAT for assessments that had been levied against it. Management estimate that the potential repayment (excluding interest and costs) amounts to £1.6m. Management consider that whilst HMRC have acknowledged that repayments will be made, HMRC has also indicated that it will only do so in a method that would not jeopardise any claim to overturn the Upper Tier Tribunal of the Tax Chamber's decision, which could result in either further litigation/appeal to the Court of Appeal. Management therefore considers that the asset relating to the refunds do not meet the definition of "virtually certain" as defined in FRS 102 and therefore have not recognised an asset in the Group or College's balance sheet as at 31 July 2021.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021

2 FUNDING BODY GRANTS

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Recurrent grants				
Education and Skills Funding Agency- adult	2,216	2,216	2,379	2,379
Education and Skills Funding Agency- 16-18	19,753	19,753	17,420	17,420
Education and Skills Funding Agency- apprenticeships	4,099	4,099	4,696	4,696
Office for Students	455	455	537	537
Specific grants				
Education and Skills Funding Agency	334	334	770	770
Education and Skills Funding Agency	765	765	721	721
Teacher Pension Scheme contribution grant				
Education and Skills Funding Agency	44	44	-	-
- Other Covid 19 Funding				
Education and Skills Funding Agency	154	154	165	165
- Provider relief scheme				
Releases of Government capital grants	956	956	895	895
	<u>28,776</u>	<u>28,776</u>	<u>27,583</u>	<u>27,583</u>

Under the provider release scheme, the College received funding of £385,000 from the ESFA. Of this, £154,000 was spent in the year. The remaining funding is expected to be repaid.

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

The College sub-contracts a 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.

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 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Grant income from the Office for students	455	455	537	537
Grant income from other bodies	2,370	2,370	2,379	2,379
Fee income for taught awards (exclusive of VAT)	266	266	664	664
Fee income for non-qualifying courses	7	7	8	8
Total	<u>3,098</u>	<u>3,098</u>	<u>3,588</u>	<u>3,588</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

3 TUITION FEES AND EDUCATION CONTRACTS

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Adult education fees	448	309	749	497
Apprenticeship fees and contracts	66	66	64	64
Fees for FE loan supported courses	592	592	578	578
Fees for HE loan supported courses	4,602	4,602	5,974	5,974
	<hr/>	<hr/>	<hr/>	<hr/>
Total tuition fees	5,708	5,569	7,365	7,113
Education contracts	92	92	168	168
	<hr/>	<hr/>	<hr/>	<hr/>
Total	5,800	5,661	7,533	7,281
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There were £6,841 tuition fees funded by bursaries in 2020-21 (2020 : Nil).

4 OTHER INCOME

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Catering and residences	30	30	97	97
Other income generating activities	1,143	1,107	1,711	1,640
Miscellaneous income	24	24	98	98
	<hr/>	<hr/>	<hr/>	<hr/>
	1,197	1,161	1,906	1,835
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5 OTHER GRANTS AND CONTRACTS

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Coronavirus job retention scheme grant	227	213	333	320
	<hr/>	<hr/>	<hr/>	<hr/>

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 £227,000 (2020 : £333,000) relates to staff costs which are included within the staff costs notes below as appropriate.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

6 INVESTMENT INCOME

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Bank interest received	<u>2</u>	<u>2</u>	<u>9</u>	<u>9</u>

7 STAFF COSTS**Staff numbers**

The average headcount (including key management personnel) employed by the College during the year was:

	Group	
	2021 Number	2020 Number
Teaching staff	340	368
Non-teaching staff	433	481
	<u>773</u>	<u>849</u>

Staff costs for the above persons

	Group	
	2021 £000	2020 £000
Wages and salaries	17,983	18,543
Social security costs	1,627	1,695
Other pension costs	6,335	5,649
Redundancy costs	231	44
	<u>26,176</u>	<u>25,931</u>
Contracted out staffing services	318	404
	<u>26,494</u>	<u>26,335</u>

The redundancy costs figure includes £41,000 for settlements during 2020-21.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the College Executive and Clerk to the Corporation. The College Executive comprises The Principal and Chief Executive and four Vice Principals.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

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

	2021 Number	2020 Number
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

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	
	2021	2020	2021	2020
£ 30,001 to £ 35,000	1	1	-	-
£ 65,001 to £ 70,000	1	2	-	-
£ 75,001 to £ 80,000	1	-	-	-
£ 85,001 to £ 90,000	2	2	-	-
£120,001 to £125,000	1	1	-	-
	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2021 £000	2020 £000
Salaries	476	462
Employers National Insurance	58	56
Benefits in Kind	-	-
	<u>534</u>	<u>518</u>
Pension contributions	98	99
Total emoluments	<u>632</u>	<u>617</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

7 STAFF COSTS - (continued)

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

	2021 £000	2020 £000
Salaries	123	122
Employers National Insurance	16	16
	<u>139</u>	<u>138</u>
	2021 £000	2020 £000
Pension contributions	<u>25</u>	<u>25</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 4.2.
- Principal and CEO's total remuneration as a multiple of the median of all staff 4.2.

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.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

8(a) OTHER OPERATING EXPENSES

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Teaching costs	3,375	3,235	4,202	4,068
Non-teaching costs	2,376	2,340	3,023	2,952
Premises costs	2,365	2,260	2,459	2,380
	<u>8,116</u>	<u>7,835</u>	<u>9,684</u>	<u>9,400</u>
Other operating expenses include:				
Auditor's remuneration:				
Financial statements audit	33	31	36	34
Other assurance services provided by financial statements auditor	1	1	3	1
Internal audit fees	30	30	16	16
Hire of assets under - operating leases	50	50	79	79
	<u>50</u>	<u>50</u>	<u>79</u>	<u>79</u>

Auditor's remuneration for financial statements audit includes £33,000 in respect of the College (2020: £33,530).

8(b) ACCESS AND PARTICIPATION EXPENDITURE

	Consolidated	
	2021 £000	2020 £000
Access investment	44	51
Financial support to students	173	314
Disability support	28	37
Research and evaluation (relating to access and participation)	5	6
	<u>250</u>	<u>408</u>

9 INTEREST AND OTHER FINANCE COSTS

	Group and College	
	2021 £000	2020 £000
On bank loans, overdrafts and other loans	708	713
On finance leases	29	32
Net interest on defined benefit pension liability (note 22)	573	582
	<u>1,310</u>	<u>1,327</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021

10(a) TANGIBLE ASSETS

GROUP

	Land and Buildings				
	Assets in the course of Construction £000	Freehold £000	Leasehold £000	Equipment £000	Total £000
Cost or valuation					
At 1 August 2020	5,036	92,600	738	9,538	107,912
Additions	2,736	5	-	107	2,848
Disposals	-	(7,324)	-	(391)	(7,715)
Transfers	(5,094)	4,615	-	479	-
	<u>2,678</u>	<u>89,896</u>	<u>738</u>	<u>9,733</u>	<u>103,045</u>
At 31 July 2021					
Depreciation					
At 1 August 2020	-	26,028	454	7,728	34,210
Charge for the year	-	2,106	16	744	2,866
Elimination in respect of disposals	-	(3,066)	-	(391)	(3,457)
	<u>-</u>	<u>25,068</u>	<u>470</u>	<u>8,081</u>	<u>33,619</u>
At 31 July 2021					
Net book value					
At 31 July 2021	<u>2,678</u>	<u>64,828</u>	<u>268</u>	<u>1,652</u>	<u>69,426</u>
At 31 July 2020	<u>5,036</u>	<u>66,571</u>	<u>284</u>	<u>1,810</u>	<u>73,702</u>

Land and buildings were originally 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 originally valued on 1 January 2010 at depreciated replacement cost by Mr N J Percival BSc ARICS.

Following the transition to FRS102, the College followed the transitional provision to retain the land and buildings at deemed cost and not adopt a policy of revaluation.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021

10(b) TANGIBLE ASSETS

COLLEGE

	Land and Buildings				
	Assets in the course of Construction	Freehold	Leasehold	Equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 August 2020	5,036	92,600	738	9,538	107,912
Additions	2,736	5	-	107	2,848
Disposals	-	(7,324)	-	(391)	(7,715)
Transfers	(5,094)	4,615	-	479	-
	<u>2678</u>	<u>89,896</u>	<u>738</u>	<u>9,733</u>	<u>103,045</u>
At 31 July 2021					
Depreciation					
At 1 August 2020	-	26,028	454	7,728	34,210
Charge for the year	-	2,106	16	744	2,866
Eliminated in respect of disposals	-	(3,066)	-	(391)	(3,457)
	<u>-</u>	<u>25,068</u>	<u>470</u>	<u>8,081</u>	<u>33,619</u>
At 31 July 2021					
Net book value					
At 31 July 2021	<u>2,678</u>	<u>64,828</u>	<u>268</u>	<u>1,652</u>	<u>69,426</u>
At 31 July 2020	<u>5,036</u>	<u>66,571</u>	<u>284</u>	<u>1,810</u>	<u>73,702</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 £584,000 (2020: £554,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £205,000 (2020: £196,000).

COLCHESTER INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2021

11 NON-CURRENT INVESTMENTS

COLLEGE

	2021	2020
	£000	£000
Investment in subsidiary company at cost at 1 August 2020 and 31 July 2021	717	717
Amount written off investment at 1 August 2020 and 31 July 2021	(611)	(405)
Net book value of investment at 31 July 2021	106	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 activities of Colchester Institute Enterprises Limited were to undertake the trade of Colchester Institute Business Solutions, and supplying reprographics services to its parent corporation. A decision was made to transfer all operations to Colchester Institute as at 31 July 2021, and subsequently the company has ceased to trade. Accordingly, an impairment charge amounting to £717,000 was recorded to reduce the carrying value of the investment to its recoverable amount.

12 TRADE AND OTHER RECEIVABLES

	Group	College	Group	College
	2021	2021	2020	2020
	£000	£000	£000	£000
Amounts falling due within one year :				
Trade receivables	970	970	347	287
Amounts owed by the ESFA	348	348	204	204
Prepayments and accrued income	589	589	633	631
	1,907	1,907	1,184	1,122

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Bank loan	452	452	432	432
Obligations under finance leases	270	270	273	273
Trade payables	503	503	545	545
Capital creditors	350	350	149	149
Other payables	1,366	1,366	1,049	1,049
Amounts owed to subsidiary undertakings	-	106	-	37
Other taxation and social security	850	850	912	940
Accruals and deferred income	4,257	4,257	3,237	3,234
Payment received in advance	490	490	1,977	1,977
Deferred income – government capital grants	1,335	1,335	859	860
Loan – Colchester Institute Foundation Trust	32	32	43	43
Amounts owed to the ESFA	625	625	-	-
	<u>10,244</u>	<u>10,350</u>	<u>9,476</u>	<u>9,539</u>

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

Included in the liability for accruals and deferred income is an amount of £60,000 to provide for legal costs associated with a claim made by the College under the Lennartz Scheme. The liability represents the College's best estimate of the potential liability.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Bank loan	9,119	9,119	9,565	9,565
Obligations under finance leases	288	288	453	453
Deferred income – Government capital grants	31,187	31,187	30,627	30,627
	<u>40,594</u>	<u>40,594</u>	<u>40,645</u>	<u>40,645</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

15 MATURITY OF DEBT**(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
In one year or less	452	452	432	432
Between one and two years	472	472	452	452
Between two and five years	1,553	1,553	1,485	1,485
In five years or more	7,094	7,094	7,629	7,629
	<u>9,571</u>	<u>9,571</u>	<u>9,998</u>	<u>9,998</u>

At 31 July 2021 the total bank loan to be repaid was £9,571,000. 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% per annum until full term of the loan; the loan is secured against the campus at Sheepen Road, Colchester and a short term charge over restricted cash amounting to £547,000 that is expected to be released next year.

(b) Finance leases

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

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
In one year or less	270	270	273	273
Between one and two years	154	154	245	245
Between two and five years	134	134	207	207
	<u>558</u>	<u>558</u>	<u>725</u>	<u>725</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

16 OTHER PROVISIONS**GROUP AND COLLEGE**

	Enhanced Pensions £000	Dilapidations £000	Total £000
At 1 August 2020	980	-	980
Transfer from accruals		121	121
Utilised in the year	(47)	(108)	(155)
Additional provision in the year	20	273	293
	<u>953</u>	<u>286</u>	<u>1,239</u>
At 31 July 2021	<u>953</u>	<u>286</u>	<u>1,239</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 2.6% and a discount rate of 1.6%.

The dilapidations provision is in respect of potential costs that may need to be incurred by the Group and College at the end of its lease on certain properties as it is required to ensure that the properties are returned to the same condition when the leases were originally entered into. The provision is expected to be utilised over the next 24 months and has not been discounted as the effect is considered to be immaterial.

17 CASH AND CASH EQUIVALENTS

	At 1 Aug 2020 £000	Cash flows £000	Other changes £000	At 31 July 2021 £000
Cash and cash equivalents	1,890	3,228	-	5,118
	<u>1,890</u>	<u>3,228</u>	<u>-</u>	<u>5,118</u>

In addition to cash and cash equivalents above, as at 31 July 2021 the Group and College has restricted cash amounting to £547k (2020 - £Nil). The restricted cash balance relates to a cash deposit held by Barclays Bank on behalf of the College as a replacement for the loan security on fixed assets sold in the year. It is anticipated that the restriction on the cash held will be lifted during 2022 as further loan repayments are made.

COLCHESTER INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2021

18 CAPITAL RESERVE

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
At 1 August 2020 and 31 July 2021	<u><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>

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

19 LEASE OBLIGATIONS

At 31 July 2021 the College had minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Land and buildings:		
Not later than one year	23	34
Later than one year and not later than five years	58	71
Later than five years	<u>104</u>	<u>115</u>
	<u><u>185</u></u>	<u><u>220</u></u>
Other:		
Not later than one year	19	68
Later than one year and not later than five years	12	83
Later than five years	<u>-</u>	<u>-</u>
	<u><u>31</u></u>	<u><u>151</u></u>
Total lease payments due	<u><u>216</u></u>	<u><u>371</u></u>

20 CAPITAL COMMITMENTS

	2021 £000	2020 £000
Commitments contracted at July	<u><u>4,279</u></u>	<u><u>290</u></u>

The capital commitment of £4.279m is partly funded via a grant commitment in place from the Public Sector Decarbonisation Scheme, administered by Salix. The total grant value of £3.72m will support the replacement of fossil fuel boilers with Air Source Heat Pumps, replacement of heating infrastructure and installation of new windows and improved cavity wall insulation. The project is expected to complete in early 2022 and will greatly support the Colleges wider carbon reduction ambitions.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**
21 EVENTS AFTER THE REPORTING PERIOD

The Corporation signed a fixed charge over accounts agreement on 19 August 2021, in order to approve the restriction of College cash reserves (£547,000) in favour of Barclays Bank for a limited period of time, to facilitate the unrestricted sale of land at Clacton-On-Sea, over which the bank had previously held a security of title. It is expected that the fixed charge will be lifted in full during the 2021-22 academic year, as further loan tranches are repaid.

22 DEFINED BENEFIT OBLIGATIONS

The College'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 formal actuarial valuation of the TPS was 31 March 2019 and of the LGPS was 31 March 2019.

Total pension cost for the year

	2021	2021	2020	2020
	£000	£000	£000	£000
TPS: Contributions payable		1,930		1,989
LGPS: Contributions payable	1,641		1,721	
FRS 102 charge	2,627		1,746	
		<hr/>	<hr/>	
Charge to the Statement of Comprehensive Income		4,268		3,467
Enhanced Pension charge to the Statement of Comprehensive Income		137		111
		<hr/>		<hr/>
Total pension cost for year		6,335		5,567
		<hr/> <hr/>		<hr/> <hr/>

Contributions amounting to £409,000 (2020: £401,000) were payable to the schemes at 31 July 2021 and are included within other 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.

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 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 £1,930,000 (2020: £1,989,000)

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

22 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 2021 was £2,160,000 (2020: £2,253,000) of which employer's contributions totalled £1,641,000 (2020: £1,721,000). 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 2019, updated to 31 July 2021, by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31.7.21	At 31.7.20	At 31.7.19
Rate of increase in salaries	2.85%	2.25%	2.35%
Rate of increase in pension payments	2.85%	2.25%	2.35%
Discount rate for scheme liabilities	1.60%	1.35%	2.10%
Inflation assumptions (CPI)	2.85%	2.25%	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 31.7.21	At 31.7.20
Retiring today:		
Males	21.6	21.8
Females	23.6	23.8
Retiring in 20 years:		
Males	22.9	23.2
Females	25.1	25.2

	At 31.7.21	At 31.7.20
	£000	£000
Sensitivity analysis on Present Value of Total Obligation:		
Discount rate +0.1%	110,871	101,837
Discount rate -0.1%	115,924	106,489
Long term salary increase +0.1%	113,545	104,301
Long term salary increase -0.1%	113,192	103,973
Pension increases and deferred revaluation +0.1%	115,713	106,302
Pension increases and deferred revaluation -0.1%	111,074	102,018
Mortality assumption – 1 year increase	118,284	108,486
Mortality assumption – 1 year decrease	108,663	99,966

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

22 DEFINED BENEFIT OBLIGATIONS – (continued)

Local Government Pension Scheme – (continued)

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

	Fair Value at 31.7.21 £000	Fair Value at 31.7.20 £000
Equities	49,785	39,655
Gilts	1,960	2,734
Other bonds	3,616	3,581
Property	5,428	4,973
Cash	2,165	1,740
Alternative assets	8,632	7,435
Other	6,189	3,882
	<u>77,775</u>	<u>64,000</u>
Actual return on plan assets	<u>13,005</u>	<u>2,065</u>

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

	2021 £000	2020 £000
Fair value of plan assets	77,775	64,000
Present value of plan liabilities	(113,368)	(104,136)
	<u>(35,593)</u>	<u>(40,136)</u>

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

	2021 £000	2020 £000
Amounts included in staff costs		
Current service cost	4,268	3,417
Past service cost	-	50
	<u>4,268</u>	<u>3,467</u>
Amounts included in interest and other finance costs		
Net interest cost	573	571
	<u>573</u>	<u>571</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

22 DEFINED BENEFIT OBLIGATIONS – (continued)

Local Government Pension Scheme – (continued)

Amounts recognised in Other Comprehensive Income

	2021	2020
	£000	£000
Return on pension plan assets	12,136	802
Experience gain on defined benefit obligation	2,063	(953)
Changes in assumptions underlying the present value of plan Liabilities	(7,789)	(14,434)
Other actuarial gains	-	1,655
Changes in demographic assumptions	1,333	1,165
	<hr/>	<hr/>
Amount recognised in Other Comprehensive Income	7,743	(11,765)
	<hr/> <hr/>	<hr/> <hr/>

Movement in net defined benefit liability

	2021	2020
	£000	£000
Net defined benefit in scheme at 1 August 2020	(40,136)	(26,054)
Movement in year:		
Current service cost	(4,277)	(3,417)
Past service cost	-	(50)
Ongoing employer contributions	1,533	1,608
Employer deficit payments	117	113
Net interest on the defined liability	(573)	(571)
Actuarial gain/(loss)	7,743	(11,765)
	<hr/>	<hr/>
Net defined benefit liability at 31 July 2021	(35,593)	(40,136)
	<hr/> <hr/>	<hr/> <hr/>

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£117k 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.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021**

22 DEFINED BENEFIT OBLIGATIONS – (continued)

Local Government Pension Scheme – (continued)

Asset and liability reconciliation

Changes in the present value of defined benefit obligation

	2021	2020
	£000	£000
Defined benefit obligation at start of year	104,136	86,048
Current service cost	4,277	3,417
Interest cost	1,400	1,793
Contributions by scheme participants	510	532
Change in financial assumptions	7,789	14,434
Change in demographic assumptions	(1,333)	(1,165)
Estimated benefits paid	(1,348)	(1,926)
Past service cost	-	50
Experience gains and losses on defined benefit obligations	(2,063)	953
	<hr/>	<hr/>
Defined benefit obligation at end of year	113,368	104,136
	<hr/> <hr/>	<hr/> <hr/>

The estimated impact of the McCloud judgement was been allowed for as a past service cost at £50,000 in 2019/20 and the allowance was rolled forward and remeasured to obtain the 31 July 2021 results. The Government issued a proposed remedy in a ministerial statement on 13 May 2021 but there is no material difference between the remedy and the previous estimated allowance so no further adjustment has been made.

Changes to fair value of plan assets

	2021	2020
	£000	£000
Fair value of assets at start of year	64,000	59,994
Interest on plan assets	869	1,263
Return on plan assets less interest	12,136	802
Employer contributions	1,650	1,721
Contributions by scheme participants	510	532
Administration expenses	(42)	(41)
Estimated benefits paid	(1,348)	(1,926)
Other actuarial gains	-	1,655
	<hr/>	<hr/>
Fair value of plan assets at end of year	77,775	64,000
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2021****23 RELATED PARTY TRANSACTIONS**

Due to the nature of the College'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.

There were no expenses paid to or on behalf of the Governors during the year (2020: £184; 1 Governor). In 2020 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 12.

Subsidiary companies

At 31 July 2021 Colchester Institute Enterprises Limited owed Colchester Institute £78,940 (2020: Colchester Institute owed Colchester Institute Enterprises Limited £37,000).

24 AMOUNTS DISBURSED AS AGENT**Learner support funds**

	2021	2020
	£000	£000
Access Funds		
Funding body grants	450	401
Disbursed to and on behalf of students	(450)	(401)
	<hr/>	<hr/>
Balance as at 31 July 2021	-	-
	<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.

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Signed by Alison Andreas using authentication code NDwwRXQ0d1NpScKjWg== at IP address 212.219.90.173, on 2021/12/17 11:09:00 Z.

Alison Andreas's e-mail address is: alison.andreas@colchester.ac.uk.

Signature 2

Signed by Kevin Prince using authentication code LmghLGMmV0JjcHFP at IP address 212.219.90.173, on 2021/12/17 11:10:38 Z.

Kevin Prince's e-mail address is: Chair@colchester.ac.uk.

Signature 3

Signed by Adam Smith using authentication code wqNDJD4hVVRoVCVDZg== at IP address 51.145.53.248, on 2021/12/22 09:54:50 Z.

Adam Smith's e-mail address is: adam.smith@scruttonbland.co.uk.