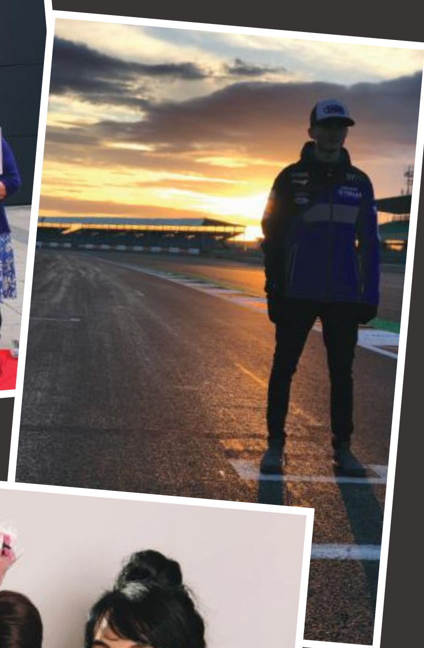
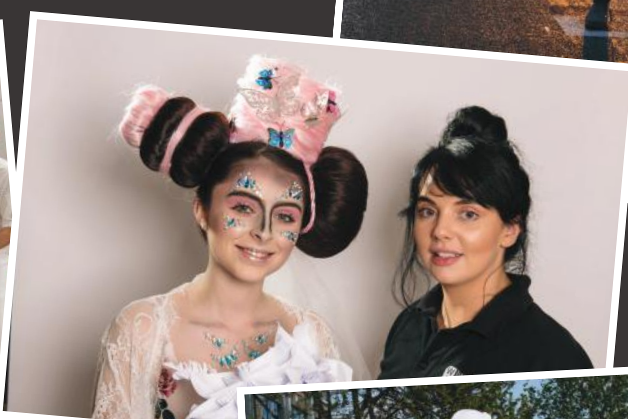
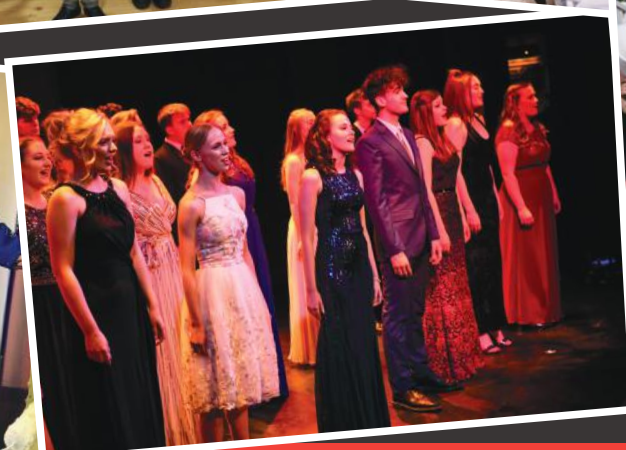
WEST SUFFOLK COLLEGE

Report and financial statements






for the year ended 31 July 2019

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key Management Personnel

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

Dr Nikos Savvas	Principal and CEO; Accounting Officer
Jules Bridges	Clerk to the Corporation and College Secretary
Stephen Jones	Vice Principal Finance and Resources
Laraine Moody	Vice Principal Employer Engagement
Colin Shaw	Vice Principal Quality and Student Experience

Board of Governors

A full list of Governors is given on page 17 of these financial statements.

Professional Advisors

Financial statements auditors and reporting accountants:	RSM UK Audit LLP Abbotsgate House Hollow Road Bury St Edmunds Suffolk IP32 7FA	
Internal auditors:	Scrutton Bland Fitzroy House Crown Street Ipswich Suffolk IP1 3LG	
Bankers:	Lloyds TSB Bank plc Endeavour House Chivers Way Histon Cambridge CB24 9ZR	
Solicitors:	Stone King LLP 13 Queen Square Bath BA1 2HJ	Birketts LLP Providence House 141-145 Princes Street Ipswich

Contents Page

WEST SUFFOLK COLLEGE
REPORT OF THE GOVERNING BODY

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal Status

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

Vision

The College vision is to be the centre of a hub of outstanding education and training in East Anglia by working in a wide collaborative network, creating coherent provision across the region.

Public Benefit

West Suffolk College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are Trustees of the charity, are disclosed on page 17.

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

In delivering its vision, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs)

Implementation of the Strategic Plan

In March 2016, the Corporation approved its three-year Strategic Vision and plan, which set the following goals:

- Putting students and their success at the heart of everything we do
- Create a responsive curriculum that meets the needs of our region and provides the energy that powers our local economy
- Ensure we are a learning organisation at all levels that is committed to developing a highly trained and responsive workforce
- Provide an estate that fulfils the needs of a fully resourced curriculum
- Be recognised for achieving excellence in each of our curriculum areas and in our support of students
- Develop a diversified income from the private and public sectors that is resilient to policy changes
- Work in collaboration with other organisations, including employers, to support the educational needs of our community

The College has made good progress in fulfilling these objectives.

The Corporation monitors the performance of the College against this plan.

The College's specific objectives for 2018/19 were set out in the Financial Forecast 2018/19 which was approved by the Corporation in July 2018. Progress against the objectives is monitored, as part of regular Key Performance Indicators, by both the Senior Management Team and the Resources Committee.

Financial Objectives for Year to 31 July 2019

In July 2018 the Corporation approved and set a series of financial objectives. Those objectives are set out below and accompanied by the outturn position in respect of each objective:

These objectives are shown below:

1. The College generates a minimum break-even in the three-year period;

   For the three-year period ended 31 July 2019, the College generated a pre-pension FRS102 surplus of £3,694,000.

2. The budgets plan for positive cash generation which will enable the College to contribute to capital investment in its estate;

   The financial performance in 2018/19 generated cash from operations of £1,866,000 which in addition to capital grants received of £3,000,000 enabled investment in assets of £4,867,000.

3. The College will maintain the current asset ratio in excess of 1 excluding the effect of any impact of FRS102 changes;

   The current asset ratio for the year was achieved with a figure of 1.6 compared to 1.8 in 2017/18

4. Cash will be maintained to ensure sufficient cash balances to meet the expenditure needs of the business;

   Cash days in hand were always maintained above 40 days during the year and stood at 95 days at the year end.

5. All loan covenant requirements will be satisfied;

   All bank covenants were met during the year.

6. Staff costs as a percentage of income to remain within budget with a longer-term objective to bring the percentage down to 65% or lower;

   Staff costs as a percentage of income finished the year at 65.4% which was 3.4% lower than budget and 0.4% above the long-term objective of 65%. This figure does exclude income related to sub-contractors which would flatter the percentage if included.

7. ESFA assessment of financial health to be a minimum of "Good";

   The automated financial health grade, which was endorsed by the Corporation at its meeting in July 2019, was "Outstanding". Part of this grade relied on a forecast surplus of £346,000 and the final figure was in fact £1,261,000 before any non-cash movement in respect of the LGPS.

8. Seek to achieve an adjusted surplus as a % of adjusted income of 3% (as per formula of row 5f of Ratio Schedule 2b of the 2018/19 ESFA Financial Plan).

   This surplus was £1,905,000 which represented 6.5% of adjusted income.

Performance Indicators

Key performance indicator	Measure / Target	Actual for 2018/19
16-19 Student numbers	ESFA Allocation: 2018/19 2995	Actual 2018/19: 2996
16-19 Student achievement	National rate 87% achievement	89% achievement
16-19 Student progression	-	89% had a positive intended destination
Operating surplus / EBITDA as % of income	Budget 2018/19: 7.6%	Actual 2018/19: 11.3%
Ofsted rating	-	Good as at 2016 inspection

FINANCIAL POSITION

Financial Results

The College has generated a retained deficit for the year before actuarial losses and gains as reported in the SOCI of £130,000 (2017/18 £318,000 deficit). Excluding the impact of non-cash movements in respect of the LGPS of £1,391,000 (2017/18 £1,469,000) the College's adjusted surplus before actuarial losses and gains was £1,261,000 (2017/18 £1,151,000).

The financial statements for 2018/19 allow for under-utilisation of HE related income due to a lower than planned HE recruitment during the year. On all other income lines, targets were either achieved or exceeded, with the AEB (Adult Education Budget) achieving 97% of the target excluding the Bursary element. Overall despite the initial setback of lower HE student numbers, the College's performance was positive and strong during the year.

Financial Health

The College's financial health is currently graded as outstanding by the ESFA although financial health for 2019-20 based on the new budget indicates that it would change from Outstanding to Good if the budget is not outperformed. The plan indicates that it would return to Outstanding the following year (2020/21) but the College has an excellent track record at outperforming its budget and therefore despite the indicative grade, the College is seeking to retain its Outstanding grade for financial health into 2019/20.

Treasury Policies and Objectives

The College has a treasury management policy, which outlines how the College will manage its cash flows, its banking and money market and capital transactions, together with the effective control of risks associated with those activities. The College invests its surplus cash balances in the money market through Lloyds. The Corporation has considered alternative investment areas but consider that the risks and the practical difficulties of moving money around will undermine any marginal benefit. The Resources Committee receives a key performance indicator report which includes details of levels of investment with regard to treasury management. During the year the College earned £46,000 of interest from invested surplus cash.

Cash Flows

The cash flow from operating activities during the year was £1,866,000 (2017/18 £1,988,000) although as with 2017/18, this cash inflow was offset by other items, giving a net decrease in cash for the year of £1,839,000 (net increase of cash of £265,000 in 2017/18). £2,103,000 of this related to an increase in long term deposits and therefore the underlying cash movement (including long term deposits) from 2018/19 was a net increase in cash for the year of £264,000.

Liquidity

The College's liquid assets have been used during the year to invest in a number of capital projects, including the capital investment at the STEM site in 2018/19 (creation of a new Science Technology Engineering and Maths centre) and other smaller capital projects on the College's estate. More investment is planned over the next 2-5 years to address works identified as part of a condition survey undertaken during 2018/19.

The College does not have a formal reserves policy but seeks to build up adequate reserves in order to ensure that the College remains financially stable from a cash perspective whilst enabling ongoing investment in the estate to continue. This is done with careful consideration about the quality of provision to learners and therefore a balance is struck between investing sufficient funds in the quality of learning whilst maintaining a positive financial performance in order to ensure the continuity of a good quality organisation in respect of all its assets. As at the balance sheet date the Income and Expenditure reserve stands at £11,290,000 (2018 £15,494,000)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2018/19 the College delivered courses that have earned £20,558,000 in the funding bodies' main allocations (2017/18 £18,815,000). The College enrolled 2,996 16-18 year olds and 1,864 19+ Classroom Based Learners and had over 1,367 apprentices in learning for the majority of the year. The College also enrolled over 520 Higher Education students generating an income of £3,282,000 in its partnership with the University of Suffolk (2017/18 £3,535,000).

Student Achievements

The College has continued to grow and develop since the last Ofsted inspection in May 2016, which confirmed the College's self-assessment as "Good". For 2018/19 the College is again Self-Assessing as "Good" for Overall Effectiveness, but with "Outstanding" features namely Behaviours and Attitudes and Personal Development. These areas demonstrate the commitment from both staff and students to consistently achieve above and beyond the norm. Students have been able to excel in competitions where they secured some exceptional achievements including Edmunds Restaurant achieving the AA College Rosette Level two for exemplary standards and training. Culinary Arts students were also a finalist in the College Restaurant of the Year. Performing and Production Arts won at the Origins Creative Arts Festival and Beauty Therapy students were shortlisted to attend the national qualifier heats for WorldSkills, which are later in the year.

Overall Qualification Achievement Rates have remained high and are above National Rate (NR), with exceptional achievements for GCSE English at 34% (grades 9 – 4) compared with 28% for all providers and 26% for General Further Education (GFE) providers. GCSE Maths achievements were also outstanding at 31% (grades 9 – 4) compared with 19% for all providers and 17% for GFE.

Students on vocational courses are not only achieving well but are achieving some of the highest grades possible with 34% of Level 3 students gaining DDD – D*D*D* and 19% of Level 2 students attaining D – D*.

Overall Achievements Rates for Apprentices are strong at 74%, which is 7% above NR. This includes apprentices undertaking the new Standards where they are required to complete the End Point Assessment (EPA) to achieve their qualification. 100% of apprentices passed the EPA; 94% passing on their first attempt.

Feedback from Awarding Organisations supports the outstanding achievements made by students and UAL have requested permission to use students' work as exemplar materials.

Destinations

The College continues to track the intended destinations of its leavers with the vast majority (97%) of apprentices progressing into paid employment or education.

Of the 16-18 cohort 94% had a positive destination either into further study or employment and 89% of students had sustained destinations in education or employment two months after completing their course, which made the College one of the top providers for sustained destinations.

Curriculum Developments

A number of courses have continued to move to the new Regulated Qualifications Framework (RQF) technical specifications from the older Qualifications Credit Framework (QCF) and more will move over in 2019/20. The new RQF qualifications enable students to study and achieve the most up to date and relevant qualifications.

Curriculum managers have continued to work with employers and businesses effectively over the past year to help further develop the curriculum to benefit both students and employers. For example, the College has developed the Milburn Innovation Project, which is a £65k training facility at our Milburn Campus in conjunction with Morgan Sindall, CITB and the New Anglia Building Growth Group. This is the first of its kind in the UK and aims to bridge the gap between the classroom and a live construction site, by constructing ten pods from a range of different materials such as clay lump, timber to more modern construction methods. The College was also awarded Flagship Delivery Centre status by National Skills Academy for Nuclear (NSAN), which means the College is now part of an elite network of only six centres across the UK that are NSAN Beacons of Excellent in Activities around the Skills for Nuclear agenda.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998 which came into force on 1 November 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The College terms are that payment will be made by the end of the month following the month in which the invoice is received. The College received no interest charges in respect of late payment for this period.

Future Developments

2018/19 is now the sixth year that GFE colleges have not had an increase in base rate funding for 16-19 year olds and as a large part of the College's income stream this has made it even more challenging to fund investment in the College to ensure standards remain high both in terms of infrastructure and delivery of curriculum. Despite this, the College is still intent on investing in the delivery of high-quality provision, maintaining a reputation for excellence both locally and nationally against the backdrop of some challenging financial circumstances.

A longstanding strategy of the College has been the successful engagement with employers through a strong focus on their training provision, including apprenticeships and full cost work. This has again been successful during 2018/19 and is evidenced by the strong growth in apprenticeship volumes and income. This has set the College up securely for further apprenticeship income in 2019/20 when many other colleges will see reductions in allocations. Engagement with Levy paying employers has continued to be targeted and has been very successful with anticipated business expected to grow more in 2019/20.

The College has continued to work very closely with various Local Enterprise Partnerships (LEPs) and other stakeholders to increase employer engagement and to provide the necessary skills to support our stakeholders. Furthermore, the College has engaged with the Cambridgeshire and Peterborough Combined Authority.

Supported by the New Anglia LEP, the College has bought and refurbished part of a former factory site on Western Way in Bury St Edmunds into a centre for STEM (Science, Technology, Engineering, Maths). This work was completed in September 2019 and is an exciting project that will modernise and increase capacity in the College's provision of STEM. The first students are to attend the site in September 2019.

Suffolk Academies Trust (SAT) and the College have continued to work as closely together as permitted in order to optimise the opportunities and outcomes for the county's 16-19 year olds. SAT has just completed its fourth year of operation and will start its fifth year with the opening of its second academy, the Abbeygate Sixth Form College in Bury St Edmunds. A purpose-built academy is under construction adjacent to the College's new STEM centre with an initial phase opening in September 2020 but such is the demand for a dedicated sixth form centre in Bury St Edmunds that Abbeygate Sixth Form College will open its doors within the main campus of West Suffolk College in September 2019 until the new build is ready.

HE provision is still in the main with the University of Suffolk but other HEI's are engaging as the College looks to expand its HE provision for future years. The College is working with St Edmundsbury Borough Council to enable the provision of permanent halls of residence in Bury St Edmunds to support College learners, some of which may be HE students. A feasibility study on the accommodation is underway and the proposal will form part of the Council's Western Way Development project; an exciting and significant development currently being worked on by the Council. Whilst this is a longer-term aspiration, it demonstrates the College's commitment to high quality and attractive HE programmes which will be supported by the new HE strategy for University Studies at West Suffolk College.

RESOURCES

An absence of any funding increases until at least 2020 is maintaining pressure on resources for the FE and Skills Sector and the College. With the backdrop of no increased funding rates, unavoidable costs continue to increase through inflation and new expectations from regulatory and agency sources. The continuation of no regular capital funding for Colleges is proving a challenge and a recent condition survey undertaken has indicated that there are some significant estate investment needs approaching over the next 3 to 5 years. The College has therefore had to work hard to maintain efficiency in order to continue to invest in its people, its quality and its estate.

Despite the limitations of funding allocations when it comes to investment in the estate, the College seeks to optimise its estate and assets within its finances both in terms of condition and suitability for student use. The College is not complacent about its ability to maintain good quality accommodation and continually seeks to ensure it is efficiently run in order to maintain healthy financial reserves that can keep the accommodation on offer to students at a high standard.

The College has employed an average of 486 FTE (Full Time Equivalent) staff during the year which is an increase of 5 from 481 in the previous year. Of the staffing, some 598 are permanent staff and there are 151 hourly paid teaching staff and casual staff employed by the College. There is a healthy balance between long serving and well qualified staff and newer and less experienced staff which complement each other well. Low unemployment is making recruitment of high-quality staff a real challenge within the budgetary constraints that the College faces but fortunately the College's reputation as a dynamic and successful organisation both nationally and locally is assisting successful recruitment.

The reputation of the College is very strong, both locally and nationally. This is driven by many things but some examples of why the College's reputation is so strong are set out below:

- West Suffolk College was ranked third in the FE Week best College in the country NICDEX league table – amongst over 50 other awards; a huge testament to our incredible staff and students

- Our exciting STEM Innovation Campus for the Eastern region has opened on time and in budget.
- West Suffolk College was ranked as the number one FE provider nationally (out of 170 FE providers) for adult English GCSE achievement rates in 2018. The national qualification rate tables published recently show that the College was an impressive 29% above the National Rate for adult English GCSE results, under the more challenging new English GCSE specification, with nearly 70% of the students achieved grades 4 and above.
- Our Fashion and Textiles Course Director won the 'Wool4schools' teacher of the year award for the second year in a row.
- Our former Teacher Education Lecturer, now Quality Manager was awarded Advanced Teacher Status (ATS) from the Education and Training Foundation
- One of our Business Apprentices received the 'Raising the Bar' Apprentice of the Year Award.
- West Suffolk College have become one of the first Colleges in England to be awarded official Computer Hub status by the National Centre for Computing Education (NCCE), in order to provide support for primary and secondary computing teachers in schools in the area
- West Suffolk College scooped the Project of the Year award for its Youth Obligations programme at the Suffolk Adult Learners' Awards 2019
- Edmunds Restaurant secured the highest accreditation available in the College hospitality sector: The AA College Rosette. Our Edmunds team also won the coveted 'A Passion to Inspire' hospitality competition celebrating the best in front of house and catering award for the second year running!
- The University of Suffolk History degrees have been ranked second in the country according to the Guardian University Guide 2020. The Guide features a league table of all the Universities in the UK and includes tables of each of the subject areas. The ranking includes the BA (Hons) English and History degree that is delivered here at West Suffolk College.

The College is rightly proud of its achievements and consequential outstanding reputation.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

Risks are aligned to each of the seven strategic aims of the College's Strategic Plan and regular comprehensive analysis and review of the risks to which the College may be exposed is undertaken by the Senior Management Team, Audit and Risk Management Committee and the Corporation. Specific control measures that will mitigate against any potential impact on the College are identified and any actions required to further reduce the likelihood of risk exposure. In addition to review and scrutiny in the year, consideration is also given to any risk that may emerge as a result of a new area of work undertaken by the College or change in external factors or environment.

The Corporate Risk Register is maintained at Senior Management level and is reviewed at least termly and more frequently when necessary. The Corporate Risk Register identifies the key risks, their potential impact on the College, the likelihood of those risks occurring, and the control measures and actions required to mitigate the risks. Risks are prioritised using a consistent scoring system.

The strategic risks that may affect the College are maintained in the Corporate Risk Register. In summary, the risks graded as high in the reporting period related to:

1. HE Funding

There can be no assurance that University funding will remain the same or that funding will continue at the same levels or on the same terms. Changes in University funding rules could lead to the introduction of limits to student numbers, despite around 300,000 new places being needed by 2030 and support for disadvantaged students will be at risk and nationally recruitment to HEI programmes has been in decline.

The College is aware of several issues that may impact on future University funding and these are identified in the Corporate Risk Register.

The risk is mitigated in a number of ways:

- By ensuring that the University Studies at West Suffolk College is rigorous in delivering high quality education and training whilst maintaining efficiency;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various income streams and diversification of validation partners; and
- Ensuring the College is focused on those priority sectors and funding streams which will continue to benefit from University funding.

2. Apprenticeship Levy Payments

The College has some reliance on continued Government funding for apprenticeships through the Education and Skills Funding Agency. The Apprenticeship Levy is a levy on UK employers to fund new apprentices and control of apprenticeship funding has been put in the hands of employers through the Digital Apprenticeship Service (DAS). The levy is charged at a rate of 0.5% of an employer's pay bill and each employer receives an allowance of £15,000 to offset against their levy payment. The total funding for the College through the levy arrangements has been uncertain and could reduce rather than continue at the same levels or on the same terms. The College has been aware of the issues that may impact this income stream, and these are identified on the Corporate Risk Register.

The risk is mitigated in a number of ways:

- Due to the arrangements for the new apprenticeship funding, levy income was budgeted based on conservative achievable estimates.

- Employer engagement was enhanced to allay any apprehension on the part of companies to engage in the new funding methodology.
- Due diligence processes are stringent at the College and all partner providers who are required to, are registered on the RoATP (Register of Approved Training Providers).

3. Integrating Work Experience and Study Programmes

All 16 to 19 year old students are funded for an individual study programme. Most study programmes have a core aim which is either a substantial qualification (academic or vocational) or work experience.

The study programme must be tailored to the prior attainment of each individual student, have clear study and/or employment goals reflecting the student's prior attainment.

The risk to this Government funded income line was mitigated by providing students with

- Substantial qualifications or work experience
- English and maths for those who have not achieved a grade A* to C, GCSE, new GCSE 9 to 4 or equivalent qualification in these subjects by age 16
- Planned employability, enrichment and pastoral hours (EEP hours), including work experience

STAKEHOLDER RELATIONSHIPS

Employer Stakeholders

Successful relationships continue with a multitude of key stakeholders including both the New Anglia LEP (NALEP), Cambridge and Peterborough Combined Authority (CPCA) and Greater London Authority (GLA).

The College has links with many local employers and their representative groups, for example the Chambers of Commerce, Institute of Directors and the CBI (Confederation of British Industry) etc. College staff regularly attend meetings and are represented on the boards of the Bury St Edmunds, Newmarket and Haverhill Chambers of Commerce and are patrons of the Suffolk Chamber of Commerce. During the year the College has continued to host the Bury St Edmunds Chamber of Commerce offices at the main College campus in Bury St Edmunds, further strengthening the links between the College and its students with that of employers.

Employer engagement at the College is carried out by a dedicated team of staff whose function is to engage with employers, help employers realise their growth aspirations and deliver effective and innovative programmes of learning for their staff. The recent move into a dedicated Employer Engagement space in the STEM Innovation Centre has been the catalyst for the successful start of the 2019/20 academic year. The College has engaged with a number of employers ranging from large businesses, such as Hutchison Ports (UK) Limited, Warren Services and Servest in the private sector, to large public sector employers, for example West Suffolk NHS Foundation Trust,

Basildon & Thurrock NHS Trust, Suffolk County Council and the Norfolk and Norwich University Hospitals NHS Foundation Trust; to hundreds of small and medium sized enterprises across the Region.
The College holds a range of employer events with local businesses to elicit feedback from employers on the relevance of the College's provision as well as ensuring that employers' current and future skills needs can be included in the College's offer. Employers have valued our information, advice and guidance and this is being reflected in the numbers of apprentices being enrolled. During the year the College exceeded 1,000 new Apprenticeship starts for the first time in its history of engaging with employers.

Local Authority Stakeholders

The College works on joint projects with both tiers of local government economic development teams. For example, contributing to the Business Festival organised by West Suffolk Council by holding employer information events and a range of business seminars and being a member of the Skills Group with the LEP, West Suffolk Council, DWP (Department for Works and Pensions) and employers for USAF (United States Air Force) Lakenheath.

Local Community Stakeholders

The College offers a wide range of provision throughout the local area both at its own centres and in premises hired specifically, particularly for adults in the local community. Recent examples include English, maths and management training aimed at horse racing industry staff delivered in the National Association of Racing Staff (NARS) Centre in Newmarket as well as English and maths for the East of England Ambulance Service.

The College reviews its offer on an ongoing basis to ensure it is both viable and responds to market demands but also so that such provision is easily accessible throughout local communities.

School Outreach and Enrichment

To support our education community West Suffolk College offers a range of activities to primary and secondary schools to enhance provision, build career pathway links to curriculum and support the development of an individual's character strengths.
These activities include a Science Box Project which aims to tackle the lack of subject specific teaching of science at Key stage 1 (school year 1 and 2) and Key stage 2 (school years 3-6). Each science box contains equipment, materials and a guide to deliver an experiment to a class of up to 30 pupils, with each pupil getting to complete the experiment. Prior support and training is given to the non-science specialist teacher to build confidence and knowledge to deliver the science curriculum with passion and energy.
In academic year 2018/19 the science boxes were received by 63 schools and reached approximately 5000 pupils.

West Suffolk College also ran a Crumble Robotics challenges for over 100 girls from Primary schools across the county resulting in regional TV coverage.

West Suffolk College also hosted the first Suffolk Big Bang Fair in collaboration with Engineering UK which welcomed over 1000 primary and secondary aged pupils to experience a wide variety of hands on experiments, technology and exhibitions from including an immersive Planetarium, Chemistry chaos and the Magic of Physics.
In total during the last academic year West Suffolk College brought enrichment and outreach activities to over 7000 pupils and over 150 schools.

Festival of Learning

This year saw the third International Festival of Learning which was hosted at West Suffolk College in Partnership with the University of Suffolk and a range of other Primary and Secondary schools. The Festival was a concept of local head teachers and the Principal and CEO of West Suffolk College, who together focused on what is great about education in Suffolk. The focus of the Festival was on technology and its impact on education and the world in general. It continues to have widespread support from the Primary, Secondary, Tertiary Further and Higher Education sectors. Key partners include Pearson, The Association of School and College Leaders (ASCL) and Jigsaw. Planning is already underway for the fourth International Festival of Learning, which will be held at West Suffolk College on 3 July 2020.

Suffolk Academies Trust

On 1 September 2015, the College became the sponsor of One Sixth Form College in Ipswich through the creation of Suffolk Academies Trust. Formerly under the Local Authority, Suffolk One Sixth Form Foundation School converted to become an Academy on 1 September 2015. The close link to this provider of education has strengthened the educational opportunities and progression for the people of Suffolk and the wider region. The College continues to support the Trust with its expansion to a second academy with the new Abbeygate Sixth Form College opening in Bury St Edmunds in September 2019.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulation 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Number of employees who were union officials during the relevant period	FTE employee number
4	3.4

Percentage of time spent on facility time	Number of employees
1 - 50%	4

% of pay bill spent on facility time	£000
Total cost of facility time	12
Total pay bill	20,695
% of total bill spent on facility time	0.06%

Equal Opportunities and Employment of Disabled Persons

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

The College's Equal Opportunities Policy is published on the College's website. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. 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

The College seeks to achieve the objectives set down in the Equality Act 2010:

(a) The College has a Learning Support function, which provides information, advice and arranges support where necessary for students with disabilities.

(b) There is a list of specialist equipment which the College can make available for use by students and staff and a range of assistive technology is available.

(c) The admissions policy for all students is described in College Procedures. Appeals against a decision not to offer a place are dealt with under the admissions policy.

(d) The College continues to invest in the appointment of staff to support students with learning difficulties and/or disabilities. There is a dedicated SENCO who provides specialist advice and support as well as a large number of Learning Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure that a high level of appropriate support for students who have learning difficulties and/or disabilities is provided.

(e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published.

(f) Counselling and welfare services, disability statement, disciplinary and complaints procedures, and other useful information are described in the College Course Handbook, which is issued to students at induction.

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 auditor is unaware; and each member has taken all steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 13 December 2019 and signed on its behalf by:

E D'Souza
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
ii. in full accordance with the guidance to Colleges from the Association of Colleges in the Code of Good Governance for English Colleges (known as "the AoC Code").
iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting the best practice in all aspects of corporate governance and in particular the Corporation has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Corporation, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2019. The Corporation 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 at its meeting held on 17 July 2015.

The Corporation has also adopted and is working towards compliance with the new AOC's Senior Staff Remuneration Code (an annex to the Good Governance Code) in July 2019.

The Corporation

The Members who served on the Corporation during the year and up to the date of signature of this report are as listed in the table on the next page.

Member	Date of appointment	Term of office	Date of resignation	Status of appointment as at 13.12.19	Attendance 2018/19 %	Committees served
Mr R Berongoy	14.12.17	3 years	01.09.2019	Staff member	100	Standards and Excellence
Mrs J Bloomfield	01.01.00 Re-appointed 04, 08, 12, 16,17, 18, 19 (co-opted)	1 year	31.07.16 Became a Co-opted member on 01.08.16	Co-opted member	100	Appointments and Governance and Remuneration
Mr S Clarke	14.12.12 Re-appointed 16, 19	3 years		Independent member	100	Resources
Mrs S Daley	20.03.15 Reappointed 18	3 years		Independent member	100	Standards and Excellence and Appointments and Governance and Remuneration
Mr E D'Souza	01.08.18 Appointed Chair 01.01.19	3 years		Independent member	100	Chair: Corporation and Resources and Appointments and Governance and Remuneration
Mr E Foster	01.08.18	1 year	29.03.19	Student member	0	Standards and Excellence
Professor J Gazzard	15.12.16	4 years		Independent member	67	Audit and Risk Management and Standards & Excellence
Mr K Golding	01.02.06 Re-appointed 09, 13 Appointed Chair 15.12.16	1 year	31.12.18	Independent member	100	Chair: Corporation and the Appointments and Governance and Remuneration
Mrs S Healey Pearce	01.08.16	3 years	31.12.18	Independent member	100	Resources
Professor C Higgins	01.08.15 Reappointed 18	3 years		Independent member	67	Resources
Mrs S Howard	01.08.16 Reappointed 19	3 years		Independent member	0	Appointments and Governance and Remuneration
Mr T Hunt	01.08.17	3 years	20.12.18	Independent member	0	Resources
Mr R Inman	01.08.18	3 years	31.12.18	Independent member	100	Audit and Risk Management
Mr A Maltpress	14.12.12 Reappointed 16, 19	3 years		Independent member	67	Audit and Risk Management and Standards and Excellence
Mr H Nydam	15.12.16, 17, 18, 19	1 year		Co-opted member	75	Audit and Risk Management
Mrs K Points	01.08.16 Reappointed 19	3 years		Independent member	100	Standards and Excellence
Mr C Ridgeon	01.08.18	3 years	31.12.18	Independent member	100	Resources
Mr N Roberts	14.12.12 Re-appointed 13, 14, 15, 16, 17, 18, 19	1 year		Co-opted member	100	Audit and Risk Management
Ms J Wakelam	01.08.18	3 years		Independent member	100	Audit and Risk Management
Mrs D Wildridge	15.12.11 Re-appointed 15, 18	3 years		Independent member	33	Resources, Appointments and Governance and Remuneration
Dr N Savvas	05.08.13	Whilst in post		Principal	100	Resources, Standards and Excellence and Appointments and Governance

Mrs J Bridges acts as Clerk to the Corporation

Statement of Corporate Governance and Internal Control continued

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

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

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are Resources, Standards and Excellence, Appointments and Governance, Remuneration and Audit and Risk Management.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website (www.westsuffolk.ac.uk) or from the Clerk to the Corporation at:

West Suffolk College
Out Risbygate
Bury St Edmunds
Suffolk
IP33 3RL

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

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has an Appointments and Governance Committee comprising six members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

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

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2019 and completes this annually resulting in the production of an action and improvement plan.

Appointments and Governance and the Remuneration Committees

Throughout the year ending 31 July 2019, the College's Appointments and Governance Committee comprised six members. The Committee's responsibilities are to make recommendations to the Corporation on the appointments of Governors, governance arrangements and the remuneration of and benefits of the Accounting Officer and other designated senior post holders.

The College has adopted the new voluntary AOC's Senior Staff Remuneration Code on 8 July 2019 and have agreed to produce an annual remuneration report at the next Remuneration Committee meeting on 28 November 2019.

Details of remuneration for the year ended 31 July 2019 are set out in note 8 to the financial statements.

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises seven members (with one current vacancy) which exclude the Accounting Officer and the Chair but includes two co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Management Committee meets four times a year and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee if necessary, for independent discussion, without the presence of College management. The College management team attend by invitation. The Committee also receives and considers reports from the main funding bodies, as they affect the College's business.

Statement of Corporate Governance and Internal Control continued

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

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

The Audit and Risk Management Committee oversees the internal audit, external audit and risk management processes and reports to the Corporation on the effectiveness of the internal control system, including the College's system for the management of risk. The Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

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

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 they are personally responsible, in accordance with the responsibilities assigned to the Accounting Officer in the Financial Memorandum between the College and the funding bodies. The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

Statement of Corporate Governance and Internal Control continued

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial, reputational and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA Post-16 *Audit Code of Practice 2018 to 2019.* 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 Management Committee. At minimum, 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.

Review of effectiveness

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

- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors and the regularity reporting accountants in their management letters and other reports.

The College Policy is for the Accounting Officer to be advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit and Risk Management Committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness. The Senior Management Team and the Audit and Risk Management Committee also receive regular reports from internal auditors and other sources of assurance, which include recommendations for improvement. The Audit and Risk Management Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit and Risk Management Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the Senior Management Team and internal audit and taking account of events since 31 July 2019.

Based on the advice of the Audit and Risk Management Committee and the Accounting Officer, and in the opinion of the internal auditors, the Corporation is of the opinion that the College has an effective internal control framework that has been in place for the year end and that the framework is based upon effective risk management.

Going concern

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

The College currently has £5.9m of loans outstanding with bankers on terms as presented in Note 18. The terms of the existing agreements are for the loans to be repaid by 2028 for the loan of £2.2m and by 2030 for the two loans totalling £3.7m.

Statement of Corporate Governance and Internal Control continued

The Colleges' forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Approved by order of the members of the Corporation on 13 December 2019 and signed on its behalf by:

Signed	**Signed**
E D'Souza **Chair**	**Dr N Savvas** **Accounting Officer**

Corporation's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.

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 financial memorandum. As part of our consideration we have had due regard to the requirements of the financial memorandum.

We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's financial memorandum.

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

E D'Souza	**Dr N Savvas**
Chair	**Accounting Officer**
13 December 2019	**13 December 2019**

Statement of Responsibilities of the Members of the Corporation
The members of the Corporation who act as trustees for the charitable activities of the College are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Members Report for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education and Skills Funding Agency, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and which give a true and fair view of the state of affairs of the College and of the College's deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Corporation on 13 December 2019 and signed on its behalf by:

E D'Souza
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WEST SUFFOLK COLLEGE

Opinion
We have audited the financial statements of West Suffolk College (the "College") for the year ended 31 July 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

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

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

Other information
The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2018 to 2019 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;

- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Responsibilities of the Corporation of West Suffolk College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 26, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 23 November 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Date 18 December 2019

WEST SUFFOLK COLLEGE

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 Total £000	2018 Total £000
Income			
Funding body grants	3	24,202	22,655
Tuition fees and education contracts	4	2,226	2,383
Other grants and contracts	5	2,093	1,871
Other income	6	1,116	1,379
Investment income	7	46	30
Total income		**29,683**	**28,318**
Expenditure			
Staff costs	8	20,695	20,061
Other operating expenses	9	7,127	6,468
Depreciation and amortisation	11, 12	1,647	1,661
Interest and other finance costs	10	299	447
Total expenditure		**29,768**	**28,637**
Deficit before other gains or losses		**(85)**	**(319)**
(Loss) / gain on disposal of tangible fixed assets		(45)	1
Deficit for the year		**(130)**	**(318)**
Remeasurement of net defined benefit pension liability	24	(4,184)	3,997
Total comprehensive income for the year	2	**(4,314)**	**3,679**

WEST SUFFOLK COLLEGE

BALANCE SHEET AS AT 31 JULY 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	11	34,026	30,868
Intangible assets	12	53	41
Investments	13	-	-
		34,079	30,909
Current assets			
Stocks		24	25
Debtors	14	3,111	1,629
Investments	15	5,503	3,400
Cash at bank and in hand		1,784	3,623
		10,422	8,677
Current liabilities			
Creditors: amounts falling due within one year	16	(6,450)	(4,756)
Net current assets		**3,972**	**3,921**
Total assets less current liabilities		**38,051**	**34,830**
Creditors: amounts falling due after one year	17	(11,963)	(9,956)
Provisions			
Defined benefit obligations	24	(11,253)	(5,678)
Other provisions	19	(30)	(77)
TOTAL NET ASSETS		**14,805**	**19,119**
Reserves			
Income and expenditure reserve		11,290	15,494
Revaluation reserve		3,515	3,625
TOTAL RESERVES		**14,805**	**19,119**

The financial statements on pages 28 to 58 were approved and authorised for issue by the Corporation on 13 December 2019 and were signed on its behalf on that date by:

E D'Souza
Chair

Dr N Savvas
Accounting Officer

WEST SUFFOLK COLLEGE

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2019

	Income and expenditure reserve	Revaluation reserve	Total
	£000	£000	£000
Balance at 1 August 2017	**11,704**	**3,736**	**15,440**
(Deficit) for the year	(318)	-	(318)
Other comprehensive income	3,997	-	3,997
Transfers between revaluation and income and expenditure reserves	111	(111)	-
Total comprehensive income for the year	3,790	(111)	3,679
Balance at 31 July 2018	**15,494**	**3,625**	**19,119**
(Deficit) for the year	(130)	-	(130)
Other comprehensive income	(4,184)	-	(4,184)
Transfers between revaluation and income and expenditure reserves	110	(110)	-
Total comprehensive income for the year	(4,204)	(110)	(4,314)
Balance at 31 July 2019	**11,290**	**3,515**	**14,805**

WEST SUFFOLK COLLEGE

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 JULY 2019

	Notes	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Operating activities			
Cash generated from operations	21	1,866	1,988
Investing activities			
Interest received	7	46	30
Withdrawal of deposits	14	3,400	5,100
New deposits	14	(5,503)	(5,500)
Proceeds from sale of fixed asset		5	3
Purchase of tangible fixed assets		(3,956)	(628)
Purchase of intangible fixed assets		(25)	(37)
Deferred capital grants received		3,000	-
		(3,033)	(1,032)
Financing activities			
Interest paid	10	(124)	(209)
Repayments of borrowings		(548)	(482)
		(672)	(691)
(Decrease) / increase in cash and cash equivalents in the year		**(1,839)**	**265**
Cash and cash equivalents at beginning of the year		3,623	3,358
Cash and cash equivalents at the end of the year		**1,784**	**3,623**

WEST SUFFOLK COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2019

1. ACCOUNTING POLICIES

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

General information

West Suffolk College is a corporation established under the Further and Higher Education Act 1992 as an English General College of Further Education. The address of the College's principal place of business is given on page 18.

The nature of the College's operations are set out in the Governing Body Report.

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The financial statements include the College only.

The College has two dormant subsidiary companies, Magna Carta Consultants Limited and Suffolk Apprenticeships Limited. The figures for both Magna Carta Consultants Limited and Suffolk Apprenticeships Limited are not considered material and have therefore not been included as consolidated financial statements.

1. ACCOUNTING POLICIES continued

On 24 July 2015, the College created Suffolk Academies Trust which is a discrete legal entity created to facilitate a multi academy trust. Currently the Trust has five members of which none are representatives of West Suffolk College and these Members have the authority to appoint and remove Trustees. On that basis, the College does not consider that it controls Suffolk Academies Trust, and therefore the financial statements have not been and will not be consolidated whilst this remains the case. Through its authority the Members of the Trust have appointed 14 Trustees. Of those 14, 10 are Governors of West Suffolk College, 1 is the CEO, and 3 are independent SAT Trustees only from 1 January 2019, having resigned as Governors of West Suffolk College on 31 December 2018.

In accordance with Financial Reporting Standard (Section 9) 102, the activities of the student council have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2019.

Going concern

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

The College currently has £5.9m of loans outstanding with bankers on various terms (see note 18). The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future.

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

Recognition of income

Revenue grant funding

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Adult Education Budget ('AEB') grant funding income is measured in line with best estimates for the year in accordance with the annual main funding guidance published by the ESFA. Any under achievement of the AEB is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

1. ACCOUNTING POLICIES continued

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

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

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

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Capital grant funding

Government capital grants for assets are accounted for under the accrual model and for land the performance model. The grant income received, or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Fee income

Income from tuition fees, including employer funding for co-investment funded apprenticeships is recognised over the period for which it is received.

Investment income

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

Agency arrangements

The College acts as an agent in distributing 16-18 Bursary support funds from the funding body. Payments received from the funding body and subsequent disbursements to students are excluded from the income and expenditure account of the College where the College does not have control of the economic benefit related to the transaction and are shown separately in note 26, except for 5% of the grant received which is available to the College to cover administration costs relating to the

1. ACCOUNTING POLICIES continued

grant, and also lunch and stationery vouchers provided to students for use within the College.

Accounting for post-employment benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

Teachers' Pension Scheme (TPS)

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

The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Suffolk Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Tangible fixed assets

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at a valuation carried out in May 1996. The

1. ACCOUNTING POLICIES continued

associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

(a) Land and buildings

Land and buildings are stated at depreciated replacement cost established by independent valuation in May 1996. Land and buildings acquired since May 1996 are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. All other buildings are depreciated over their useful economic lives as follows:

Buildings	50 years on a straight line basis
Freehold improvements	8 years on a straight line basis
Freehold improvements with an extended useful life	15 years on a straight line basis
Leasehold improvements	8 years on a straight line basis

Leasehold improvements are depreciated over eight years on a straight line basis unless the lease is due to expire before the depreciation has been fully charged to the income and expenditure account. In such circumstances, the depreciation is charged over the duration of the lease at a higher rate in order to coincide with the life of the lease.

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

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

(b) Subsequent expenditure on existing fixed assets

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:

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

1. ACCOUNTING POLICIES continued

(c) Equipment

Equipment costing less than £1,000 is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Equipment inherited from the Local Education Authority is included in the balance sheet at valuation but is now fully depreciated.

All equipment is depreciated over its useful economic life as follows:

Plant and machinery	8 years on a straight line basis
Plant and machinery with an extended useful life	20 years on a straight line basis
Office equipment	4 years on a straight line basis
Computer equipment	4 years on a straight line basis
Motor vehicles	4 years on a straight line basis

Intangible fixed assets

Intangible assets are capitalised at cost and are amortised over their useful economic life. Purchased computer software is amortised over 4 years.

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

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income.

Investments

The College has a fixed asset investment in the ownership of Magna Carta Consultants Limited and Suffolk Apprenticeships Limited which are both currently dormant.

Fixed asset investments are held at the lower of cost or cost less impairment.

1. ACCOUNTING POLICIES continued

Stock

Stock is valued at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Financial instruments

The College has chosen to adopt Sections 11 and 12 of FRS102 in full in respect of financial instruments.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs). A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax 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.

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and the amount of obligation can be reliably measured.

1. ACCOUNTING POLICIES continued

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities arise from circumstances where a provision would otherwise be made either because it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

- *Tangible fixed assets* are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, maintenance programmes, economic utilisation and physical condition of the assets 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 24, 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 2016 to value the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- *Barrack Wall*
  The College has made provision for works to be carried out to the Barrack wall to keep it in a safe and good state of repair. This is currently estimated at £25k per year but is kept under review as a phased programme of planned maintenance is implemented.

2. ADJUSTED OPERATING SURPLUS

	Total 2019 £000	Total 2018 £000
Total comprehensive income for the year	(4,314)	3,679
Add back: remeasurement of net defined benefit pension liability	4,184	(3,997)
Non cash pension costs	1,391	1,469
Adjusted operating surplus	**1,261**	**1,151**

3. FUNDING BODY GRANTS

	Total 2019 £000	Total 2018 £000
Recurrent grants		
Education and Skills Funding Agency - adult	2,159	1,854
Education and Skills Funding Agency – 16-18	13,935	13,258
Education and Skills Funding Agency - apprenticeships	4,464	3,703
Higher Education Funding Council	3,282	3,535
Specific grants		
Education and Skills Funding Agency	59	52
Releases of government deferred capital grants	303	253
	24,202	**22,655**

The figures above include £208k of funding relating to the 2017/18 financial year, which was not confirmed by the ESFA (£141k) / UoS (£67k) until after 31 July 2018. Therefore, this income is included in the 2018/19 financial year.

West Suffolk College acts as a lead partner for certain training funding, some of which is passed on to third parties. The figure above for recurrent grants shows net income earned by the College in its capacity both as a provider and as the lead partner. All other income claimed from the ESFA and payable to third party partners has been excluded from these accounts. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	Total 2019 £000	Total 2018 £000
Income from Funding Bodies	610	697
Payments to non-College partners	(519)	(593)
Net income	**91**	**104**

4. TUITION FEES

	2019 £000	2018 £000
Tuition fees	1,568	1,622
Advance learner loan income	658	761
	2,226	**2,383**

West Suffolk College acts as a lead partner for tuition fee/loan income, some of which is passed onto third parties. The figure above shows net income earned by the College in its capacity both as a provider and as the lead partner. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	2019 £000	2018 £000
Income from tuition fees/ Advance learner loan income	-	15
Payments to non-College partners	-	(13)
Net income / (costs)	**-**	**2**

5. OTHER GRANT INCOME

	2019 £000	2018 £000
European Funds	364	449
Other grants and contracts	600	484
SCC Additional Learning Needs	1,129	938
	2,093	**1,871**

West Suffolk College acts as a lead partner for additional learning needs funding, some of which is passed on to third parties. The figure above for SCC Additional Learning Needs shows net income earned by the College in its capacity as both a provider and the lead partner. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	2019 £000	2018 £000
Income from SCC	856	40
Payments to non-College partners	(728)	(39)
Net income	**128**	**1**

6. OTHER INCOME

	2019 £000	2018 £000
Catering	680	657
Miscellaneous	250	239
Resale materials	33	43
Car park	58	45
Lettings	95	395
	1,116	**1,379**

7. INVESTMENT INCOME

	2019 £000	2018 £000
Interest from bank deposits	46	30
	46	**30**

8. STAFF COSTS

	2019 Number	2018 Number
The average number of persons (including key management personnel) employed by the College during the year, expressed as full-time equivalents, was:		
Teaching	187	182
Teaching and other support	138	134
Administration and central services	161	165
	486	**481**

8. STAFF COSTS continued

Staff costs for the above persons:	2019 £000	2018 £000
Teaching	8,872	8,942
Teaching and other support	4,420	3,818
Administration and central services	6,094	5,955
Non cash element of current service cost	1,216	1,231
Restructuring costs – Non contractual	31	50
Miscellaneous	1	7
Apprentice Levy costs	61	58
	20,695	**20,061**

	2019 £000	2018 £000
Wages and salaries	15,334	14,820
Social Security costs	1,340	1,295
Pension costs	3,929	3,838
Restructuring costs – Non contractual	31	50
Apprentice Levy costs	61	58
	20,695	**20,061**

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Principal, three Vice Principals and the Clerk to the Corporation and College Secretary.

Emoluments of key management personnel and Accounting Officer

	2019 Number	2018 Number
The number of key management personnel including the Accounting Officer was:	5	6

8. STAFF COSTS continued

The number of senior post holders and other staff who received annual emoluments excluding employer contributions to national insurance and pensions but including benefits in kind in the following ranges was:

	2019 Number of key management personnel	2019 Number of other staff	2018 Number of key management personnel	2018 Number of other staff
£55,001 to £60,000 p.a.	1	n/a	1	n/a
£70,001 to £75,000 p.a.	-	-	1	-
£75,001 to £80,000 p.a.	1	-	-	-
£80,001 to £85,000 p.a.	2	-	3	-
£130,001 to £135,000 p.a.	1	-	1	-
	5	**-**	**6**	**-**

There are salary sacrifice schemes in place to provide childcare vouchers and a cycle to work scheme which were used by one of the key management personnel.

For comparison purposes the 6 in 2018 includes a member of the Key management personnel who was employed for part of the year in 2018 and who has now left the College.

Key management personnel emoluments are made up as follows:	2019 £000	2018 £000
Salaries	429	453
Benefits in kind	2	2
National Insurance contributions	53	56
Pension contributions	84	88
Total emoluments	**568**	**599**

There were amounts due to Key management personnel of £6k that were waived in the year.

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

	2019 £000	2018 £000
Salaries	131	131
National Insurance contributions	17	17
Pension contributions	22	21
	170	**169**

8. STAFF COSTS continued

The remuneration of the Accounting Officer for 2018/19 was determined on 1 August 2018 by the College's Remuneration Committee when a 1% increment was awarded to all staff including the accounting officer. The accounting officer was not involved in setting their own remuneration.

The relationship between the Accounting Officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2019 No	**2018 No**
Basic salary as a multiple of median basic salary of staff	5	5
Total remuneration as a multiple of median basic salary of staff	5	5

The calculation is based on the median basic salary of all staff as at 31 March 2019 (2019) and 31 March 2018 (2018) and excludes any agency workers.

Governors' remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and CEO and staff members under contracts of employment and not in respect of their roles as Governors. The other members of the Corporation did not receive any payments from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

During the year total expenses of £912 (2018 £1,941) were paid to or on behalf of 3 (2018 6) Governors in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

9. OTHER OPERATING EXPENSES

	2019 £000	2018 £000
Teaching costs	2,938	2,643
Non-teaching costs	2,484	2,355
Premises costs	1,705	1,470
	7,127	**6,468**

Deficit is stated after charging/(crediting):

Fees payable to RSM UK LLP in respect of both audit and non-audit fees:		
Audit of College	25	24
Other assurance services	1	1
Other non-audit services	4	6
Internal audit	22	20
Hire of assets under operating leases – land and buildings	121	159
Hire of assets under operating leases – other	190	242
Operating lease rentals received	(88)	(384)
(Loss) / gain on disposal of non-current fixed assets	(45)	1
Cost of consumable stock recognised as an expense	420	423

10. INTEREST AND OTHER FINANCE COSTS

	2019 £000	2018 £000
Interest on bank loans	124	209
Net interest on defined pension liability (Note 24)	175	238
Total	**299**	**447**

11. TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2018	42,938	162	5,133	48,233
Additions	162	3,839	841	4,842
Disposals	(75)	-	(20)	(95)
At 31 July 2019	**43,025**	**4,001**	**5,954**	**52,980**
Depreciation				
At 1 August 2018	14,381	-	2,984	17,365
Charge for the year	1,139	63	432	1,634
Elimination in respect of disposals	(29)	-	(16)	(45)
At 31 July 2019	**15,491**	**63**	**3,400**	**18,954**
Net book value at 31 July 2019	**27,534**	**3,938**	**2,554**	**34,026**
Net book value at 31 July 2018	**28,557**	**162**	**2,149**	**30,868**

Included within land and buildings is freehold land of £4,912,715 (2018 £4,912,715) which is not depreciated.

All assets are carried at depreciated historical cost with the exception of inherited assets which are carried at depreciated replacement cost. The inherited assets were re-valued by an independent firm of Chartered Surveyors in May 1996 and their current net book value is £3.8m (2017/18 £4.0m).

Suffolk County Council (who are the legally accountable body for the New Anglia LEP) hold a legal charge over the ownership of the STEM site and buildings which are owned by West Suffolk College. This charge would become payable if the College was found to be in breach of any terms of the grant agreement. The Corporation considers that these circumstances are unlikely to arise.

12. INTANGIBLE FIXED ASSETS

	Software	Total
	£000	£000
Cost or valuation		
At 1 August 2018	53	53
Additions	25	25
At 31 July 2019	**78**	**78**
Amortisation		
At 1 August 2018	12	12
Charge for the year	13	13
At 31 July 2019	**25**	**25**
Net book value at 31 July 2019	**53**	**53**
Net book value at 31 July 2018	**41**	**41**

13. NON-CURRENT INVESTMENTS

	2019 £000	2018 £000
Investments at cost	-	-

The Corporations owns 100% of the issued ordinary share capital of Magna Carta Consultants Limited which is registered in England and Wales, at a cost of £2. The principal activity of Magna Carta Consultants Limited was the provision of education and training although it is not currently actively trading.

The Corporation owns 100% of the issued ordinary share capital of Suffolk Apprenticeships Limited which is registered in England and Wales, at a cost of £2. The principal activity of Suffolk Apprenticeships Limited was the provision of temporary and fixed term staff to third parties. Suffolk Apprenticeships Limited is also not currently actively trading.

14. DEBTORS

Amounts falling due within one year	2019 £000	2018 £000
Trade debtors	260	380
Other debtors	9	2
Prepayments and accrued income	1,979	703
Amounts owed by the ESFA	863	544
	3,111	**1,629**

15. CURRENT ASSET INVESTMENTS

Amounts falling due within one year	2019 £000	2018 £000
Short term deposits	5,503	3,400
	5,503	**3,400**

Deposits are held with banks operating in the London market and licensed by the Financial Conduct Authority and are more than three months from acquisition. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Bank loans (note 18)	540	563
Trade payables	1,170	832
Sundry creditors	428	352
Other taxation and social security	352	405
Accruals and deferred income	2,949	1,785
Amounts owed to – the ESFA	470	566
Amounts owed to – University of Suffolk	122	-
Deferred income – government capital grants	419	253
	6,450	**4,756**

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £000	2018 £000
Bank loans (note 18)	5,310	5,835
Deferred income – government capital grants	6,653	4,121
	11,963	**9,956**

18. MATURITY OF DEBT

Bank Loans

	2019 £000	2018 £000
Bank loans repayable within 1 year	540	563
Bank loans repayable between 1 and 2 years	542	545
Bank loans repayable between 2 and 5 years	1,662	1,667
Bank loans repayable in more than 5 years	3,106	3,623
	5,850	**6,398**

The College has three loans outstanding:
A loan of £3.5m of which £2.188m remains outstanding; this loan attracts interest of Libor plus 1.5% and is repayable in equal instalments to end in 2028.
A loan of £2.5m of which £1.664m remains outstanding; this loan attracted interest of Libor + 0.32% and is repayable in equal instalments to end in 2030. From 4 July 2019 a fixed rate of 1.422% has been agreed.
A loan of £3.5m of which £1.998m remains outstanding; this loan attracts interest at a fixed rate of 2.345% until 2022 and is repayable no later than 30 December 2030.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations on leased properties £000	Barrack Wall £000	Total £000
At 1 August 2018	-	77	77
Transfer from income and expenditure account	5	35	40
Expended in the period	-	(87)	(87)
Provisions for Liabilities and Charges at 31 July 2019	**5**	**25**	**30**

19. PROVISIONS FOR LIABILITIES AND CHARGES continued

Provision was made for works to the grade 2 listed barrack wall that surrounds the copse at the main site. As a listed structure, the College has an obligation to keep it in a safe and good state of repair. Extensive works have been carried out in 2019 and there will be further work planned in 2020.

Provision was also made for dilapidations on leased properties at Ipswich and Sudbury. This is based on 5% of rental costs each year up to a maximum of 10 years to provide for dilapidation costs on termination of leases.

20. FINANCIAL INSTRUMENTS

	2019 £000	2018 £000
Financial Assets		
Financial assets measured at amortised cost		
Trade debtors	260	380
Accrued income	1,443	367
Amounts owed by the ESFA	863	544
Other debtors	9	2
	2,575	**1,293**
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	1,170	797
Bank loans and overdrafts	5,850	6,398
Sundry creditors	117	25
Accruals	2,387	1,562
Amounts owed to the ESFA	470	566
Amounts owed to UoS	122	-
	10,116	**9,348**

21. NOTES TO CASH FLOW STATEMENT

	2019 £000	2018 £000
(Deficit)	(130)	(318)
Adjustment for:		
Depreciation and amortisation	1,647	1,661
Investment income	(46)	(30)
Interest payable	299	447
Loss / (gain) on sale of fixed assets	45	(1)
(Reduction) in provisions	(47)	(53)
Pensions costs less contributions payable	1,216	1,231
Operating cash flow before movements in working capital	2,984	2,937
Decrease / (increase) in stocks	1	(1)
(Increase) in debtors	(1,482)	(724)
Increase / (Decrease) in creditors	363	(224)
Cash generated from operations	**1,866**	**1,988**

22. CAPITAL AND OTHER COMMITMENTS

	2019 £000	2018 £000
Contracts for future capital expenditure not provided	984	-

23. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases as follows:

Payments due:	2019 £000	2018 £000
Land and Buildings		
Less than one year	94	117
Between one and five years	60	55
	154	**172**
Other		
Less than one year	108	184
Between one and five years	39	92
	147	**276**

23. COMMITMENTS UNDER OPERATING LEASES continued

At 31 July the College had contracted with tenants under non-cancellable operating leases, for the following future minimum lease payments:

	2019	2018
Receipts due:	**£000**	**£000**
Land and Buildings		
Less than one year	540	80
Between one and five years	361	320
After five years	1,280	1,360
	2,181	**1,760**

24. RETIREMENT BENEFITS

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

Total pension cost for the year	**2019**	**2018**
	£000	**£000**
LGPS: Contributions paid	1,682	1,601
LGPS: FRS102 (28) charge	1,216	1,231
Charge to the Statement of Comprehensive Income	2,898	2,832
Teachers' Pension Scheme: contributions paid	1,031	1,006
Total Pension Cost for Year within staff costs	**3,929**	**3,838**

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

An amount of £311,495 (2018 £327,000) was payable for pension contributions at 31 July and has been included within creditors.

24. RETIREMENT BENEFITS continued

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan, so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except that it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges are still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion.
- Notional past service deficit of £22 billion.
- Discount rate is 2.4% in excess pf CPI.

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 2018/19.) DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

However, a legal challenge to the 2015 public sector pension reforms could have a further impact on the scheme, which would have a retrospective application.

The pension costs paid to TPS in the year amounted to £1,031,000 (2018: £1,006,000).

24. RETIREMENT BENEFITS continued

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Suffolk County Council. The total contributions made for the year ended 31 July 2019 were £2,142,101 of which employer's contributions totalled £1,682,259 and employees' contributions totalled £459,842. The agreed employer contribution rates for future years are 22.7% for employers currently and range from 5.5% to 12.5% for employees depending on their salary.

Principal Actuarial Assumptions

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

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	2.7%	2.7%
Future pension increases	2.4%	2.4%
Discount rate	2.1%	2.8%
Inflation assumption (CPI)	2.4%	2.4%
Commutation of pensions to lump sums (pre-April 2008 service)	25%	25%
Commutation of pensions to lump sums (post April 2008 service)	63%	63%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2019	At 31 July 2018
Retiring today		
Males	21.3	21.9
Females	23.5	24.4
Retiring in 20 years		
Males	22.3	23.9
Females	24.9	26.4

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

	Fair value at 31 July 2019 £000	Fair value at 31 July 2018 £000
Equities	22,596	24,899
Bonds	11,519	10,843
Property	9,747	4,016
Cash	443	402
Total fair value of plan assets	**44,305**	**40,160**
Actual return on plan assets	**2,708**	**2,851**

24. RETIREMENT BENEFITS continued

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

	2019 £000	2018 £000
Amounts included in staff costs		
Current service costs	2,753	2,810
Past service costs	134	-
	2,887	**2,810**
Amounts included in interest costs		
Net interest costs	175	238
	175	**238**
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(1,564)	(1,863)
Changes in assumptions underlying the present value of the plan	5,748	(2,134)
	4,184	**(3,997)**

Movement in net defined benefit liability during year	**2019 £000**	**2018 £000**
Net defined benefit liability in scheme 1 August	(5,678)	(8,206)
Movement in year:		
Current service cost	(2,753)	(2,810)
Past service cost	(134)	-
Employer contributions	1,671	1,579
Net interest on the defined liability	(175)	(238)
Actuarial gain	(4,184)	3,997
Net defined benefit liability at 31 July	**(11,253)**	**(5,678)**

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	**2019 £000**	**2018 £000**
Defined benefit obligations at start of period	45,838	44,144
Current service cost	2,753	2,810
Past service cost	134	-
Interest cost	1,319	1,226
Employee contributions	459	438
Actuarial loss / (gain)	5,748	(2,134)
Benefits paid	(693)	(646)
Liabilities at 31 July	**55,558**	**45,838**

24. RETIREMENT BENEFITS continued

Changes in the fair value of plan assets	**2019**	**2018**
	£000	**£000**
Fair value of plan assets at start of period	40,160	35,938
Interest on plan assets	1,144	988
Return on plan assets	1,564	1,863
Employer contributions	1,671	1,579
Employee contributions	459	438
Benefits paid	(693)	(646)
Assets at 31 July	**44,305**	**40,160**

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Services Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/ liability has been recognised.

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Corporation being drawn from local public and private sector organisations, it is possible that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving such organisations are in accordance with the College's financial regulations and normal procurement procedures. During the year ended 31 July 2019 no material related party transactions requiring disclosure occurred.

At 31 July 2019, Magna Carta Consultants Limited owed £122,958 (2018 £122,958) to West Suffolk College. This balance has been fully provided against in both 2019 and 2018. Magna Carta Consultants Limited is a wholly owned dormant subsidiary of West Suffolk College.

At 31 July 2019, Suffolk Academies Trust (SAT) is deemed a related party as 11 of West Suffolk College Governors sit on the board of SAT. There are various service level agreements in place between the two entities all of which are conducted at an arm's length basis and these are set out below for 2018/19:
Provision to SAT by West Suffolk College of CEO, CFO and Clerk £64,000; rental of One premises £80,000; rental of Abbeygate offices £8,000; other £2,000.
Provision to West Suffolk College by SAT of IoT (Institute of Technology) support £5,000.
At 31 July 2019 there were no balances owed to West Suffolk College by SAT and there was a balance of £320 owed by West Suffolk College to SAT.

26. AMOUNTS DISBURSED AS AGENT

Adult Discretionary Support	**Year ended 31 July 2019 £000**	**Year ended 31 July 2018 £000**
Funding body grants – bursary support	315	295
Funding body grants – vulnerable	39	44
Funding body grants – free school meals	-	34
Funding body grants – advanced learner loan	61	102
Funding body grants – recycled funds from previous year	10	66
	425	541
Disbursed to students	(248)	(381)
Amount included as income in SOCI	(110)	(92)
Administration costs	(21)	(21)
Balance unspent at 31 July, included in creditors	**46**	**47**

Funding body grants are available solely for students. In 2017, in the majority of circumstances, the College acts only as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WEST SUFFOLK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion
We have carried out an engagement, in accordance with the terms of our engagement letter dated 23 November 2017 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by West Suffolk College during the period 01 August 2018 to 31 July 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 01 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

We are independent of the West Suffolk College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of West Suffolk College for regularity
The Corporation of West Suffolk College is responsible, under the grant funding agreements and contracts with the ESFA and 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. The corporation of West Suffolk College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity
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 ACoP.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 01 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

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

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Date 18 December 2019