

CITY COLLEGE NORWICH

Report and Financial Statements for the year ended 31 July 2021



Contents

1. Reference and Administrative Details	2
2. Operating and Financial Review	3
3. Statement of Corporate Governance and Internal Control	22
4. Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	34
5. Statement of Responsibilities of the Members of the Corporation	35
6. Independent Auditor's report to the Corporation of City College Norwich	37
7. Reporting Accountant's Report on Regularity to the Corporation of City College Norwich and the Secretary of State for Education acting through Education and Skills Funding Agency	41
8. Statement of Comprehensive Income	43
9. Statement of Changes in Reserves	44
10. Balance sheet as at 31 July 2021	46
11. Statement of Cash Flows for the year ended 31 July 2021	47
12. Notes to the Accounts	48

Reference and Administrative Details

Key Management Personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2020/21:

- **Corrienne Peasgood**, Principal and CEO; Accounting Officer.
- **Jerry White**, Deputy Principal.
- **Julia Bates**, Vice Principal FE Curriculum and Quality.
- **Helen Richardson-Hulme** Assistant Principal Student Services.

Board of Governors

A full list of Governors is given on page 23 of these financial statements.

Clare Johnson, Clerk to the Corporation has been in position since 2 August 2016 to 30 June 2021. Jodie Mitchell was appointed Director of Governance and Legal on 1 July 2021 to date.

Principal and Registered Office: Ipswich Road, Norwich, Norfolk.

Professional advisers

- **Financial statements and regularity auditor:**

MHA McIntyre Hudson
6th Floor
2 London Wall Place
London
EC2Y 5AU

- **Internal auditor:**

Scrutton Bland
Fitzroy House
Crown Street
Ipswich
Suffolk
IP1 3LG

- **Banker:**

Lloyds
16 Gentleman's Walk
Norwich, Norfolk
NR2 1LZ

- **Solicitor:**

Mills & Reeve LLP
1 St James Court
Whitefriars
Norwich
NR3 1RU

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Operating and Financial Review

Nature, Objectives and Strategies

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Norwich City College of Further and Higher Education ("City College Norwich"). The College is an exempt charity for the purposes of the Charities Act 2011.

Since 2017, City College Norwich has merged with two Norfolk colleges. On 1 December 2017, Paston Sixth Form College transferred all of its property, rights and liabilities to City College Norwich. On 1 January 2020, pursuant to the Further and Higher Education Act 1992, the business which related solely to the Easton Campus of Easton and Otley College, including all property, assets and liabilities, was transferred to City College Norwich as a going concern. As part of the merger with the Easton Campus of Easton and Otley College, the shares in two subsidiary companies, EOC Enterprises Limited (company number 02908222) and EOC SPV Limited (company number 08850415) were transferred in their entirety to City College Norwich.

On 27 April 2021, Transforming Education in Norfolk (TEN) (company number 08070464), the Parent Undertaking of City College Norwich, legally transferred its shareholding in Norfolk Educational Services Limited (NES) (49 ordinary shares) and voting rights to City College Norwich and TEN was subsequently dissolved on 3 August 2021. As a result, NES is now a 100% subsidiary of City College Norwich.

Mission

The College's mission is: **Challenging minds, inspiring success, securing futures.**

Challenging Minds – this is what education is all about; it reinforces our aspirations around stretching students and apprentices; it's about teaching students to think differently; it's about enrichment and extracurricular activities too. It needs to be interpreted as how we enable vocational, technical and professional skills to be accessed also, not simply academic and coordinating cognitive activities and physical activities is a critical component of what we are really good at.

Inspiring Success – success for all our students and apprentices is our ultimate goal; we want to inspire them to achieve, wherever possible exceeding their goals. We want the curriculum to be inspirational – in its content and its delivery; we want our staff to be inspired and to be inspirational to our students.

Securing futures – this statement reflects our full commitment to ensuring that students' progress from the college into their desired destinations, recognising that the college is a key step on their journey. It reaffirms our dedication to the support and challenge that is required to create opportunities for all our students, recognising that success in their futures will be individually defined.

Public Benefit

City College Norwich is an exempt charity under 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 for all FE Corporations in England.

The members of the Corporation, who are Trustees of the charity, are disclosed on page 23. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High-quality teaching;
- Widening participation and tackling social exclusion;
- Excellent employment record for students;
- Strong student support systems;
- Links with employers, industry and commerce; and
- Links with the New Anglia Local Enterprise Partnership.

Strategy

The College Corporation chose to extend the use of the 2014- 2019 College Strategic Framework and associated documents until 2021, due to the period of unprecedented changes experienced by the College that resulted from mergers and the global pandemic.

During 2021, the Corporation and College Leadership Team have reviewed the strategy and in October 2021 the new 2021-2026 strategic approach was launched. Seen very much as an evolution of the 2014-19 documents the College has adopted a revised Strategic Framework, organised with four "pillars":

- **Culture of Excellence;**
- **Students;**
- **Sustainability; and**
- **Community, Employers and Stakeholders.**

The Strategic Framework is accompanied by a series of Strategic Aims and Success Indicators to support targeted areas of action and effective monitoring of the implementation of the strategy.

The new strategy was launched via an online webinar to ensure staff from all sites could engage and which was cascaded to those who could not attend. A series of staff consultation events are also planned for Autumn 2021 to increase understanding of the strategy and to answer any key questions staff may have.

Financial Objectives

The College's financial objectives are:

- to achieve an annual operating surplus;
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- to generate sufficient levels of income to support the asset base of the College;
- to further improve the College's shorter-term liquidity; and
- to fund continued capital investment.

A series of performance indicators have been agreed to monitor the successful implementation of policies.

Performance indicators

The College did not operate the usual process of setting and managing college wider targets with Governors in 2020/21 due to the exceptional impact of the COVID-19 pandemic on "normal" college business. Instead, the Corporation supported the College Leadership Team to focus on the core business of keeping the College functioning and managing the financial volatility that the pandemic produced.

Table 1 below indicates the outcome of actual earnings against allocations and budgets (where appropriate). The 16-18 funding allocation reflects good levels of recruitment and retention in the first year of operating as a fully merged college on 3 main sites.

The Adult Education Budget presented is the core AEB budget, excluding a number of "in-year" funding streams associated with Adult provision that the Government launched as a response to the pandemic. The College is expecting to out-turn at 100% of this allocation as it has a business case lodged with the ESFA to evidence the impact of COVID-19 on our normal delivery plans.

Apprenticeship performance was strong considering the impact of the pandemic and reflects the good levels of support provided to employers and their apprentices during the COVID-19 pandemic and the place of the college as the main apprenticeship provider in the region.

Table 1	Funding Allocation	End Year	
		2020/21 Out-turn *	Difference
16-19 Funding **	£28,298,956	£27,339,794	97%
Adult Education Budget	£1,705,087	£1,333,958	78%
Apprenticeships	N/A	£4,825,113	

* Taken from the Final Funding Claim 2020-21.

** 16-19 allocation and outturn only relates to 16-19 programme funding.

Financial results

The financial results of the Group are shown below.

The Group deficit for the year, as shown in the Statement of Comprehensive Income, amounted to £9,675k, (£21,866k surplus in 2019/20). As in the prior year, this result has been significantly impacted by one-off transactions that occurred during the year, as well as the FRS 102 accounting costs for service and interest charges. The following table details these transactions and reconciles the Group deficit for the year to the Group operating surplus achieved against the Group's controllable budgets which have been monitored throughout the year:

	2020/21 £'000	2019/20 £'000
Group (deficit) / surplus for the year	(9,675)	21,866
<i>One-off transactions:</i>		
One-off gain relating to the sale of land and land options ⁽¹⁾	(4,829)	-
Net impact due to NES joining the Group ⁽²⁾	11,885	-
Fair value increase as a result of the merger with Easton campus on 1 January 2020 ⁽³⁾	-	(22,690)
Sub-total	(2,619)	(824)
Impact of additional FRS 102 accounting service and interest charges ⁽⁴⁾	3,908	1,877
Group operating surplus for the year	1,289	1,053

- (1) This relates to the surplus on the sale of land and land options at Easton (net of the amounts due to Suffolk New College as part of the merger agreement relating to Easton and Otley College). The total, which is split between the land sale by the College (surplus £1,216k) and the surplus on the land options within EOC SPV Ltd (£3,613k), amounts to £4,829k and has been included within income on the Consolidated Statement of Income.
- (2) NES became a 100% subsidiary of the College from 27 April 2021. The net liabilities of NES at the point of joining the group amounted to £11,885k and are shown within expenditure on the Consolidated Statement of Income.
- (3) The one-off gain in the prior year resulting from the transfer of assets from Easton campus as a result of the merger with Easton and Otley College on 1 January 2020. The fair value of the assets that transferred to the College due to the merger, resulted in income being £22,690k higher in the prior year.
- (4) FRS 102 charges on the Local Government Pension Scheme amounting to £3,908k (£1,877k in 2019/20) – this includes additional costs of £3,007k, (£1,265k in 2019/20) to bring amounts charged as employer pension contributions during the year up to the required level of FRS 102 service cost charges, and additional pension net interest costs of £901k, (£612k in 2019/20).

Group total comprehensive income for the year was a deficit of £12,696k, (£8,886k surplus 2019/20). The significant decrease of £21,582k from the prior year is mainly due to the impact of the one-off transactions listed above, the difference in the additional service costs and interest charges due to FRS 102 pensions accounting, and the differences in the actuarial gain/loss on the pension liability.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

The following table analyses these main differences:

	Group £'000
<i>One-off transactions (as shown above):</i>	
One-off gain relating to the sale of land and land options	4,829
Net impact due to NES joining the Group	(11,885)
Fair value increase as a result of the merger with Easton campus on 1 January 2020	(22,690)
Increase in the FRS 102 accounting service and interest charges over that of the prior year charges (£3,908k current year costs less £1,877k prior year costs)	(2,031)
Net impact of changes in actuarial gains/losses from 2019/20 to 2020/21 ⁽¹⁾	9,957
Decrease	<u>(21,820)</u>

- (1) An overall net impact of £9,957k in relation to actuarial gains / losses as regard the Groups pension liabilities. The actuarial loss on the College's local government pension scheme has decreased over that of the prior year by £10,294k. However, this has been offset by an actuarial loss relating to the pensions reimbursement asset due to NES from Suffolk New College, of £337k.

The main constituent in the Group is the College. The College achieved a surplus for the year for the year, as shown in the Statement of Comprehensive Income, of £3,537k, (£16,670k surplus in 2019/20). As with the Group, the College's financial performance has also been significantly impacted by the one-off transactions described above although these are presented differently in the College's Statement of Comprehensive Income. The following table details the transactions and reconciles the College's surplus for the year to the operating surplus achieved against the College's controllable budgets which have been monitored throughout the year:

	2020/21 £'000	2019/20 £'000
College surplus for the year	3,537	16,670
<i>One-off transactions:</i>		
One-off gain relating to the sale of land at Easton ⁽¹⁾	(1,216)	-
Profit within SPV Ltd resulting from the sale of land options transferred to the College under gift aid ⁽²⁾	(5,721)	-
Amount due to Suffolk New College from the land options sale ⁽²⁾	2,108	
Fair value increase as a result of the merger with Easton campus on 1 January 2020 ⁽³⁾	-	(17,371)
Sub-total	<u>(1,292)</u>	<u>(701)</u>
Impact of additional FRS 102 accounting service and interest charges ⁽⁴⁾	2,850	1,877
Impact due to unwinding of the NES pension provision ⁽⁵⁾	-	20
College operating surplus for the year	<u>1,558</u>	<u>1,196</u>

City College Norwich - Report and Financial statements for the year ended 31 July 2021

- (1) The College's net surplus of £1,216k on the sale of the land at Easton is shown as income on the Consolidated Statement of Income. This balance is shown after deduction of the amount due to Suffolk New College, (of £898k), under the legal agreements from the merger with Easton and Otley College.
- (2) The surplus from the sale of the land options of £5,721k is transferred to the College under gift aid from EOC SPV Ltd and is also shown in income. The proportion of this balance due to Suffolk New College in accordance with the merger legal agreement amounts to £2,108k and is shown within expenditure on the Consolidated Statement of Income.
- (3) The fair value of the assets that transferred to the College due to the merger, resulted in income being £17,371k higher in the prior year.
- (4) FRS 102 charges on the Local Government Pension Scheme included within expenditure on the Consolidated Statement of Income amount to £2,850k (£1,877k in 2019/20) – this includes additional costs of £2,172k, (£1,265k in 2019/20) to bring amounts charged as employer pension contributions during the year up to the required level of FRS 102 service cost charges, and additional pension net interest costs of £678k, (£612k in 2019/20).
- (5) The prior year included a charge of £20k relating to the unwinding of the discount on the pension provision, reflecting that the original provision was based on a discounted figure.

College total comprehensive income for the year was a surplus of £5,625k, (£3,690k surplus 2019/20). The increase of £1,935k from the prior year is mainly due to the:

- Impact of the one-off transactions listed above;
- Difference in the additional service costs and interest charges due to FRS 102 pensions accounting; and
- Positive movement of £15,066k - relating to the actuarial gains on the pension scheme, (in the prior year, the College had a net actuarial loss of £12,976k – this year it is a gain of £2,427k) offset by an actuarial loss of £337k on the pensions reimbursement asset owed by Suffolk New College.

The following table analyses these main differences:

	College £'000
<i>One-off transactions (as shown above):</i>	
One-off gain relating to the sale of land at Easton	1,216
Profit within SPV Ltd resulting from the sale of land options transferred to the College under gift aid	5,721
Amount due to Suffolk New College from the land and options sale	(2,108)
Fair value increase as a result of the merger with Easton campus on 1 January 2020	(17,371)
Increase in the FRS 102 accounting service and interest charges over that of the prior year charges (£2,850k current year costs less £1,877k prior year costs)	(973)
Net impact of changes in actuarial gains/losses from 2019/20 to 2020/21	15,066
Increase	<u>1,551</u>

City College Norwich - Report and Financial statements for the year ended 31 July 2021

The Group has closely reviewed and monitored the impact of the COVID 19 pandemic on both income and expenditure. The College continued to receive the majority of its funding from the Education and Skills Funding Agency and this has provided a good level of financial protection during COVID-19.

Additional funding related to Covid-19 has been received from the DfE and recognised within the accounts during 2020/21. This related to:

- 16-19 Tuition Fund – one off additional funding to mitigate the disruption to learning arising from the pandemic. The College received £705k, of which £95k has been used in 2020-21 and £610k will be carried forward to be used to support learners in 2021/22;
- High value courses for school and college leavers – the College spent £56k of its £61k allocation. The remaining £5k will be repaid.
- Covid19 mass testing funding – income of £102k has been recognised to support with the costs incurred in conducting on-site testing at the College's campuses.
- Coronavirus Job Retention Scheme (CJRS) - £19k has been claimed and received by the Group in relation to the furlough of 9 employees within the commercial staff within leisure services.

All income recognised on the above has been included within note 2 as specific grants from the ESFA except for CJRS which is shown within note 4: Other grants and contracts.

Additional allocations were received for traineeships (£25k) and National Skills Fund (£64k) however these could not be utilised in the financial year and will be repaid.

Furthermore, the College received a donation of 806 laptops from the DfE to support disadvantaged learners to access remote learning. These have been lent to students and recognised at a value of £282k as equipment additions within fixed assets on the Group and College's Balance Sheet.

For 2020/21, the College recognised the main sensitivities to the pandemic continued to be in relation to apprenticeship and higher education income, where both the wider economic climate and the impact on student's appetite to study under different arrangements can alter patterns of recruitment and therefore income. In addition, the College's commercial income lines continued to be impacted, for example, through withdrawals on regular international placements or through reduced sports facility bookings. As a result, due to the Covid-19 pandemic, budgeted income for 2020-21 was reduced by £2,150k and additional non-pay costs were increased by £30k (to take account of additional costs on cleaning, PPE, sanitiser and signage costs). Mitigating actions were planned to offset the reduction in income, including targeting non-payroll savings. Some of these savings resulted from reduced activity due to the pandemic including reduced travel (£123k), reduction in education visits (£225k), reduction in catering (£267k).

Performance over the year has been closely monitored in these areas and revised forecasts made where appropriate:

- Apprenticeships – actual performance was in line with budget set;
- Adult Education – the College has recognised its full income allocation within the accounts. We achieved 78% of the allocation against a national funding threshold of 90% and we put a successful business case to the ESFA for the funding difference.
- Commercial income – as a result of the national lockdown from 5 January – 8 March 2021 revenue was lost through the closure of all commercial and leisure learning activities and forecast income was reduced by £160k. However, additional commercial income from other areas has mitigated the loss in commercial income to £114k at 31 July 2021.
- Greater savings than anticipated were achieved on non-pay items as a result of the lockdown including £64k on travel costs, £36k on educational materials and £93k in marketing where activity moved online.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

As a result, the net revenue impact due to the pandemic in the 2020/21 financial year was relatively small and has been managed within the Group's overall resources.

The Covid-19 pandemic has also impacted the College's capital programme. On the construction of the Digitech Factory, the implementation of Covid-safe measures for contractors working on-site throughout the pandemic, has resulted in additional costs on the project of £30k. These have been managed within the overall funding received for the project. Furthermore, whilst the new building was completed on time and open for curriculum delivery in September 2021, difficulties and delays relating to suppliers and their supply chains continue to be encountered in obtaining certain items of IT equipment required to enhance the College's digital programmes.

The Group has non-current assets of £81,310k at 31 July 2021 (£70,861k at 31 July 2020). The new Digitech Factory has contributed to this significant increase, with £8.8m expenditure being incurred on the construction of this building during the year.

Net current assets of the Group amount to £10,745k (£6,885k at 31 July 2020), including cash balances of £16,459k (£10,360k at 31 July 2020).

Creditors greater than one year are £31,408k at 31 July 2021 (£22,980k at 31 July 2020) and these comprise two bank loans (£3,803k), an amount due to Suffolk New College for the land and land options sale (£898k) and deferred government capital grants (£26,707k). Deferred capital grants greater than one year have increased by £7,880k in the year due primarily to capital funding received to support the construction and fit out of the Digitech Factory (£7,388k).

The defined benefit pension liability for the Local Government Pension Scheme has increased significantly over the prior year and was £68,012k at 31 July 2021 (£47,394k at 31 July 2020). £14,028k of the increase relates to bringing NES' net pension liability onto the Group Balance Sheet from 27 April 2021. The FRS 102 charges for the year have also increased over the prior year as NES' results have been taken into account for the period from 28 April 2021 to the year end. Lastly there has been an actuarial loss of £2,682k which has contributed to the increased pension liability.

Other provisions totalled £1,699k at 31 July 2021 (£3,740k at 31 July 2020), the reduction being due to the elimination on consolidation of the College's pension provision which is matched against the NES pension reimbursement asset and relates to the agreement and guarantee that the College has in place with NES in relation to the pension liabilities of staff that originally TUPE transferred into NES.

The Group has net liabilities at 31 July 2021 of £9,064k, (£3,632k net assets at 31 July 2020). Excluding the impact of the main Local Government Pension Scheme Liability, the Group has an I&E reserve of £51,924k surplus at 31 July 2021 (£43,804k surplus at 31 July 2020) and a revaluation reserve of £6,926k (£7,122k at 31 July 2020). The Group has a reserves policy which requires a target reserves level of 2-4% of income. For the College this translates to cash and reserves of c£1,104k to £2,208k. The College exceeds these levels.

The College has significant reliance on the Education and Skills Funding Agency for its principal funding source. In 2020/21 the ESFA provided 75% (2019/20: 73%) of the College's total income (excluding one-off exceptional items relating to the land and options sale for 2020/21 and the fair value of Easton's assets in 2019/20).

City College Norwich - Report and Financial statements for the year ended 31 July 2021

The College is committed to observing the importance of sector measures and monitors quality indicators such as achievement rates. The College is required to complete the College Financial Forecast Return (July) and the annual Finance Record (December) for the Education and Skills Funding Agency. These both produce a financial health grading. The College Financial Forecast Return (July 2021) resulted in a financial health rating of “outstanding” and “good” for 2020/21 and 2021/22 respectively. The Finance Record (December 2021) has recorded a financial health rating of “Outstanding” for 2020/21. This is considered a positive outcome.

Subsidiary companies

The College owns 100% of the shareholdings in the following companies, all incorporated in England and Wales:

- Norfolk Educational Services Limited (NES). NES was established to provide shared services to the Transforming Education in Norfolk (TEN) Group. Following the winding up of its parent organisation, TEN on 30 April 2021, the shares previously held by TEN in NES, (a 49% stake holding), were transferred to the College. As a result, the College now owns 100% of the £1 ordinary share capital of NES;
- EOC Enterprises Ltd. The College owns 100% of the £1 share capital of this company. The principal activity of EOC Enterprises Limited is the operation of a sports and conference centre at the Easton campus; and
- EOC SPV Ltd. The College owns 100% of the £1 share capital of this company. The principal activity of EOC SPV Limited is to hold the College’s interest in the joint venture arrangement, ELC JV LLP, the purpose of which is to facilitate the sale of land for development. This purpose was achieved during the year – the land and options over the land were sold on 17 May 2021. A proportion of the net proceeds made by SPV Ltd is due to Suffolk New College in accordance with the agreements made upon the merger of Easton and Otley College with City College Norwich and Suffolk New College on 1 January 2020.

Any surpluses generated by EOC Enterprises Ltd and EOC SPV Ltd will be transferred to the parent under gift aid.

Full financial statements for the subsidiaries have been prepared for the year to 31 July 2021 and their results for the period are consolidated in these financial statements. The profit generated in the period by EOC SPV Ltd and EOC Enterprises Limited and consolidated in these financial statements is £5,721k and £7k respectively (£nil and £38k respectively in 2019/20). NES made an accounting loss during the 11 month period to 31 July 2021 of £1,055k, mainly due to the actuarial loss on the LGPS pension fund and the FRS 102 accounting and interest charges. Excluding the impact of FRS 102 pension accounting and interest costs/income, NES produced an operating surplus of £3k.

Political and charitable contributions

The College made no political or charitable contributions during the year.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

Overall Group cash has increased by £6,099k during 2020/21 (£3,307k increase during 2019/20). This movement is comprised:

- Operating cash inflow of £12,322k (£1,897k inflow for 2019/20) – this shows the overall cash movement arising from the operating surplus for the year;
- Net cash outflow from investing activities £5,668k (£950k outflow for 2019/20) – this is primarily the annual IT equipment expenditure and costs incurred in the construction of the new Digitech building as well as significant upgrades to roofs, windows and boilers. This is offset by the proceeds received from the sale of land and land options;
- Net cash outflow from financing activities £555k (£2,360k inflow for 2019/20) – this is the repayment of capital and interest for the College's bank loans; and
- Cash at 31 July 2021 was £16,459k (31 July 2020 was £10,360k).

The Group has two long-term loans totalling £4,153k at 31 July 2021 (£4,487k at 31 July 2020).

The net impact of the pandemic has not had a significant impact on the Groups cash flows. The Group has monitored its cash levels throughout the year and holds sufficient cash reserves to cover the commercial income losses and exceptional costs arising as a result of the pandemic.

Resources

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

Financial

The Group has a net liability position on the balance sheet of £9,064k at 31 July 2021 (£3,632k net assets at 31 July 2020). The net position is comprised:

- Income and expenditure account of £51,924k surplus (£43,804k surplus at 31 July 2020);
- Local Government pension scheme deficit £68,012k (£47,394k deficit at 31 July 2020);
- Revaluation reserve £6,926k surplus (£7,122k surplus at 31 July 2020); and
- Restricted reserves £98k surplus (£100k surplus at 31 July 2020).

Going Concern

Operationally

The Group continues to closely monitor and adhere to all guidance issued by the Government (including Public Health England) and the Association of Colleges in relation to the daily operation of the Group during the COVID-19 pandemic. In addition, the Group has actively participated in the county wide responses coordinated by Norfolk CC and also the national and regional responses by the NHS.

The College is currently fully open and providing on-site learning to students. Appropriate operational arrangements have been put in place at all sites, and at all times student and staff safety is being prioritised (including the adherence to relevant COVID secure guidance). The Group are aware of the impact this pandemic has had and is having on the educational experiences of our learners and all efforts are being focused on trying to minimise the disruption to learning. Whilst it is hoped that further lockdown measures will not be enacted by the Government, the College, supported by the wider Group, is well placed to react positively and swiftly to any new announcements or additional measures that are deemed necessary.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Financially

The 2021/22 budget has been prepared against a backdrop of around 18 months of unprecedented volatility created by the COVID-19 pandemic. Beginning as it did in early 2020, the pandemic impacted shortly after the merger of City College Norwich and the Easton campus of Easton and Otley College effectively meaning that the newly merged College has yet to operate in “normal” times. Despite this complex backdrop, the College has continued all established budget management practices and has developed the 2021/22 budget based on the solid foundations of the good and outstanding financial health which it has maintained for more than 5 years. The 2021/22 budget has taken a view that the coming year will see a transition back to more normal levels of operation and this is reflected in a number of aspects such as commercial and catering income and educational trip expenditure.

From an income perspective, challenges remain in predicting the impact of the pandemic on Apprenticeship, Adult and Higher Education income in particular, where both the wider economic climate and the impact on student’s appetite to study under different arrangements could alter patterns of recruitment and therefore income. In addition, the College has a number of commercial income lines which remain exposed to variability due to COVID-19 - a cautious but encouraging reintroduction by customers to activities is being seen across a number of areas, for example restaurant bookings at Debut and external sports bookings of facilities at Easton College.

Despite the above challenges, the Group has set a balanced budget for 2021/22 and is predicting an operating surplus of £220k (excluding the impacts of FRS012 pensions). The budget does not include any additional or exceptional financial support from the Government. The College is regularly monitoring the financial impact of COVID-19 and will be guided by the policy announcements by the Department for Education and the ESFA. As mentioned above, the main areas of sensitivity to the College finances are Apprenticeship income, Adult Education delivery and commercial income.

The Group’s rolling cash flow forecast over 2021/22 predicts cash balances of c£13.5m at 31 July 2022 and this forecast takes into account the forecast I&E position, our planned capital expenditure (both routine annual investment and new and ongoing capital projects), and the cost of bank loan and interest payments. The Group continues to forecast compliance with all banking covenants and holds good levels of cash reserves.

The College obtained a financial health rating of Outstanding for 2020/21 and is forecasting a grading of Good for both 2021/22 and 2022/23. This is considered an exceptional achievement, given all the challenges that the merger and pandemic has brought over the last two years.

Taking account of the above and after making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future (going concern assumption requires us to consider the trading position up to 31 December 2022). For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details on the use of the going concern basis of preparation is disclosed in the accounting policies note 1 to the financial statements.

People

The Group employs 994 people based on headcount (2019/20: 867) of whom 442 (2019/20: 407) are teaching staff. The College employs 951 (2019/20: 867) people (based on headcount), of whom 442 (2019/20: 407) are teaching staff.

Current and Future Development and Performance

Student numbers

The 2020/21 student numbers are presented in table below (source RCU Vector tool analysing ILR returns).

Year	16-18 Students	19+ Students	Apprentices
2014/15	4460	1380	1420
2015/16	4520	960	1350
2016/17	4190	1320	1350
2017/18	4722*	1250	1390
2018/19	4590	1200	1490
2019/20	5420 [#]	1160 [#]	1660 [#]
2020/21	5500	1180	1650

* First year that includes students from Paston College following the merger in December 2017

[#] First year that includes students/apprentices from Easton College following merger in January 2020

16-18 student numbers have continued to grow and reflect stable market share within growing demographics. The College continues to provide 16-18 education to around 30% of all Norfolk young people. Our contribution to the New Anglia LEP region for young people education is significant (17% of all 16-18 students in the region) and the College has almost double the New Anglia students than the second largest provider in the region.

Adult Education provision continued to see good demand although there has been little growth in the offer and the merger with Easton did not see the offer expand significantly. We remain the second largest provider of Adult Education provision in Norfolk.

In Apprenticeships, the College has consolidated its position as the largest apprenticeship provider in Norfolk and across the New Anglia region. Some strong recruitment in Sept 2020 saw income from funding grow and in a number of areas the college has become the only main provider to key sectors such as construction, due to closures of local Private Training Providers.

Student achievements

The unprecedented impact of the COVID pandemic on educational provision since March 2020 has placed considerable additional burdens on the College and altered fundamentally the student achievement process for the 2020/21 academic year.

Within FE, a variety of alternative grading processes were introduced for key qualification types. The processes, which ranged from the creation of Teacher Assessed Grades through to the adaptation or delaying of assessments, altered the environment for student achievements.

Within Apprenticeships, End Point Assessment processes underwent modification or delay, with the additional complexity of apprentices potentially being furloughed from work. Such delays or interruptions in studies had direct funding implications for the college.

The cumulative result of these processes was that the Government announced that for the 2020/21 academic year very limited local or national performance data would be published or utilised for quality oversight. In line with this, the College has not reported publicly its student achievement results, recognizing that 2020/21 is a year when no comparators to either local or national benchmarks would be appropriate.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Within Higher Education, a second year of alterations were made to the Regulations governing the awards of degrees in order to ensure students were not disadvantaged by the circumstances. In cooperation with our validating university, UEA, these changes supported students in completing their studies without detriment.

Future Developments

The expectation was that 2020/21 would be a year where the newly merged College could focus on the possibilities of the future and ensure that provision across all sites met the high standards that we set ourselves. However, clearly the impact of the COVID-19 pandemic continued through 2020/21 and disrupted a number of Government and College based initiatives.

For 2021/22 and beyond, the College has the opportunity to emerge from the COVID-19 period in a strong financial and recruitment position. With respect to the College's reputation, the College was inspected by Ofsted in October 2021 and has achieved an overall effectiveness grade of Good (good in every categories with the exception of 'provision for learners with high needs' which has been graded Outstanding). This is a very significant achievement by the College in that it includes within it all Easton provision which was previously graded Inadequate by Ofsted. This provides the three College's with the ability to promote the strong teaching and learning students receive across all sites.

The College starts the 2021/22 year in a strong position regarding capital investment in the sites. The DigiTech Factory development on the Norwich sites was completed for September 2021 and students are enjoying the significantly enhanced learning environments and equipment provided by the £11.4m investment. Furthermore, over summer 2021 the College completed work on the Further Education Capital Allocation (FECA) which was a £1.7m program of building and infrastructure improvement works across all its keys sites.

During 2021/22, the £3m refurbishment of a significant part of the Norwich site to create the Advanced Construction and Engineering (ACE) Centre will begin in late 2021 and conclude to impact on learning from September 2022. In addition, the College has been successful in reaching stage 2 of a bidding round for the Further Education Capital Transformation Fund (FECTF) which could see the College secure a further £6m of government investment to complete essential improvements to roofing, building services and windows across the Norwich and Easton sites.

At a national level, 2021/22 will see the Government's Skills Bill complete its journey through Parliament and we are awaiting to see if all the current proposals survive the Bill's progress. The potential for further amendments and changes is heightened by the recent significant change of the DfE Secretary of State and Ministers within the Department. There continues to be speculation that further proposals, focusing on HE provision (and informed by the previous Auger Review) will be published this year with the potential for some widespread changes to the sector.

Events after the reporting period

During October 2021, the Board of Norfolk Educational Services Ltd and the Corporation of City College Norwich jointly agreed that, as NES now only supports the College and its subsidiaries, the College would be better served by transferring NES' activities back to the College in 2021/22. As a result, a key focus for 2021/22 will be to transfer, under TUPE all staff from NES to City College Norwich. The TUPE consultation process began on 1 November 2022 and the TUPE transfer is due to take place on 1 January 2022. Following this, the process for winding up NES will begin, with the aim of completing this by 31 July 2022.

Challenges for the next 12 months

There are a number of challenges that the College will have to respond to over the next 12 months:

- Supporting our Students and Apprentices to overcome the negative effects of the pandemic in terms of “lost learning”;
- Continuing to operate the College within the wider Government control measures for COVID-19 which are likely to continue to change and evolve to respond to public health requirements;
- Further enhancing the delivery of the land-based curriculum, utilising the support and challenge of key industry stakeholders to ensure we deliver industry relevant land based provision;
- Delivering a large capital programme of works within constrained timeframes against a backdrop of the pandemic and supply chain issues; and
- Maintaining and enhancing the College workforce in a very competitive jobs market.

Principal Risks and Uncertainties

During the 2020/21 year the College has continued to operate some well-developed systems of internal control, including financial, operational and risk management which are designed to protect the College’s assets and reputation. The systems have been tested through the two recent mergers and continue to be under active review to seek further enhancements.

The Executive Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year’s appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Executive Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College. Each meeting of the Executive team has a standing item to identify new or emerging risks or to alter previous assessments of risk.

A risk register is maintained at College level which is reviewed regularly by the Audit and Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a culture of risk management throughout the College with risk regularly discussed in management meetings.

In 2019/20, the College instigated a COVID-19 specific set of risks that were incorporated in the risk register and reported regularly to Governors. In 2021/21 these risks were re-integrated into the overall risk management system, recognising that operating the College within a pandemic was likely to be an on-going set of challenges rather than a short-term disruption.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. COVID-19 pandemic

For 2021/22 academic year the College continues to be impacted by the COVID-19 pandemic. Whilst the impact of the vaccination and testing regimes has resulted in a general return to face to face teaching and learning, the medium term impact of transmission rates within College students and staff could yet necessitate further control measures.

Many activities are starting to return to operation, including commercial income lines associated with operations such as the Easton Tennis Centre, Debut Restaurant and Solutions Salons. However, it is unlikely that "normal business" will be achieved against the backdrop of on-going infection rates.

The College continues to operate specific control measures, informed by strong and regular engagement with local authority and Health colleagues. A weekly senior team meeting reviews all safety issues pertaining to operating our sites and the risk register is kept under active review.

Should there be a direct financial impact from any further interruptions to normal business, then the College would form part of a whole sector approach in seeking the appropriate support from the ESFA and is well placed both locally and nationally to ensure the College sector is appropriately considered for support.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. Furthermore, the College's balance sheet includes a provision for the value of the pension liability for those staff who transferred under TUPE to Norfolk Educational Services Ltd. See note 30 for further detail.

The triennial valuation of the Norfolk LGPS took place in March 2019 and the draft results were published in November 2019. The results for the City College Norwich element of the Fund showed a funding level of 103%, a proposed primary employer contribution rate of 22% (up from 19.8%) and proposed secondary contributions of c£280k per annum for the 3 years to the next valuation.

In relation to the Teachers' Pension Scheme, the national employer contribution rate for 2020/21 was 23.68% (it increased from 16.48% to 23.68% in September 2019). Given the significance of this, the College is pleased to note that it would appear from the recent (October 2021) comprehensive spending review that Treasury intend on providing ongoing funding to colleges to mitigate this increase.

3. Staff recruitment and retention

The period from Spring 2021 has seen the local and national economy rebound from the impact of the pandemic, which coupled with other factors that impacted on the availability of labour such as Brexit, has led the College to experience an unprecedented period of staffing turnover and vacancies. The underinvestment in the College sector by the Government over the last 15 years has resulted in pay rates within the College being squeezed and in a buoyant employment market presents a risk that the College will not attract and may not retain staff to fill essential job roles.

Active consideration is being given to ensuring our recruitment processes emphasise the benefits of working at the College which extend beyond salary levels, but the competitiveness of the labour market does present a challenge that the College must continue to address over coming months and years.

4. Failure to react to policy changes across government, regionally and locally

National policy changes mean that other government departments, besides the Department for Education, become increasingly important to work with and influence. We need to take opportunities to build effective relationships with the Departments for Levelling Up, Housing and Communities, BEIS, DWP and the Cabinet Office, particularly with Treasury and No. 10. This extends regionally and locally to being prepared for changing responsibilities for the LEP, County Councils, Chamber of Commerce etc. and therefore changes in our relationships with these organisations, other colleges and potentially new partners.

Stakeholder Relationships

In line with other colleges and with universities, City College Norwich has many stakeholders. These include:

- Students;
- Staff;
- Parents/Carers;
- Education Sector Funding bodies;
- Local employers;
- Local Authorities and local schools;
- New Anglia Local Enterprise Partnership (NALEP);
- The local community;
- University of East Anglia;
- Other FE and HE institutions;
- Government led bodies such as the Norwich Opportunity Area
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and actively engages with these key partners in a number of formal and informal ways. Senior college staff have formal roles in a number of key local stakeholder boards and committees which, in addition to covering post 16 education, also include specific areas of focus, including safeguarding, SEN and careers guidance. The Principal is a New Anglia LEP (NALEP), Board member and sits on the Norwich Opportunity Area Board, playing a key role in steering this important local initiative, which focuses on enhancing the social mobility of young people in Norfolk. In addition, the Principal is a member of the new Norfolk Learning Board, a group convened by Norfolk County Council to oversee educational provision across the county. Regular working meetings are also scheduled with local authority colleagues, to ensure that the College continues to play the central role in the work of the County and region. This includes the Deputy Principal sitting on the Norwich City Council Towns Deal Fund board.

Our relationship with our validating University, UEA, continues to be strong and productive. Both the Principal and the Deputy Principal are formally members of senior bodies at UEA, recognising the strength of this partnership, and the College actively engages with the Academic Partnership work of UEA through structured meetings and protocols. In addition, the College maintains a close and effective working relationship with the other main Norfolk based HE provider, Norwich University of the Arts, (NUA), based on regular meetings and targeted work in areas of shared interest. This co-operative work in the HE sector underpins the Network for East Anglian Collaborative Outreach, (neaco), project which looks to enhance HE progression for young people from our region. The neaco project works across Norfolk, Suffolk and Cambridgeshire and the Deputy Principal formally represents the FE sector on the University of Cambridge led Executive Group of neaco.

Nationally, the Principal is a Board member of the Association of Colleges (AoC) and sits on both the AoC Audit Committee and the AoC Quality and Accountability Policy group. The Deputy Principal chairs the AoC Teaching, Learning and Assessment Policy group and due to that role was asked to join the AoC White Paper Working group to steer the Associations response to the recent Skills White Paper from government.

The College has continued to take a leading role in regional work with the NALEP and the other FE colleagues through the New Anglia Colleges Group (NACG). The Principal is a member of the Skills Advisory Panel of the NALEP. She leads the NACG Principals group work, whilst the Deputy Principal leads the NACG Deputies group that meets half termly.

There are a number of additional engagements via the Department for Education, awarding organisations and other sector bodies such as the Mixed Economy Group in which College staff play a formal and active role. This include the Vice Principal being heavily involved in national policy work related to the roll out of the new T level qualifications.

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. 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 basis.

The College's equality statement is that we are:

- A College where everyone benefits from the wide diversity of staff and students.
- A College we can all access with equal ease and dignity, enjoy a sense of belonging, and where learning and working have been designed with each of us in mind.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all policies and procedures.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Trade Union Facilities Time Reporting

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

For period 1 April 2020 to 31 March 2021:

Relevant Union Officials:

Number of employees who were relevant union officials during the relevant period.	Full-time equivalent employee number of representatives.
7	5.78

Percentage of Time Spent on Facility Time:

<i>Percentage of time</i>	<i>Number of employees</i>
0%	
1-50%	7
51-99%	
100%	

Percentage of Pay Bill Spent on Facility Time:

<i>Total cost of facility time</i>	£20,483
<i>Total pay bill</i>	£28,268,000
<i>Percentage of total pay bill spent on facility time.</i>	0.072%

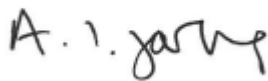
Paid trade union activities:

<i>Total facilities time</i>	935
<i>Time spent on paid trade union activities as a percentage of total paid facility time.</i>	0%

Disclosure of Information to Auditors

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

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by

A handwritten signature in dark ink, appearing to read 'A. I. Barnes'.

Andrew Barnes

Chair of the Corporation

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 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the Code of Good Governance for English Colleges; and
- having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and, in particular, the College/Board has adopted and complied with the Code of Good Governance for English Colleges. 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 governors, the College complies with all the provisions of the Code of Good Governance for English Colleges and it has complied throughout the year ended 31 July 2021. This opinion is based on both internal and external reviews of compliance with the Code. Our internal auditors, Scrutton Bland, undertake reviews of the College’s compliance with sections of the Code as part of their cyclical programme of audits and report their results to the Audit and Risk Committee. No significant issues have been raised in 2020/21 or previous years as regards the College/Board’s compliance with the Code. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

City College Norwich is an exempt charity under 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 for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed below.

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

City College Norwich - Report and Financial statements for the year ended 31 July 2021

The Corporation

The members who served the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Corporation meeting attendance 2020/21
Mr J Barnard	26/11/2019	4 Years		General	B	13/17
Mr A Barnes	21/02/2012 Re-appointed 21/02/2016 Appointed as Chair 10/07/2018 Re-appointed 20/02/2020	4 years		General	Chair of Corporation; Chair of B, R	16/17
Mr N Bartram	06/02/2018	4 years		General	B, R	15/17
Dr A Blanchflower	06/10/2015 Re-appointed 07/10/2019	4 years		General	CS	15/17
Ms S Gray	26/11/2019	4 years	31/12/2020	General	CS	0/7
Ms N Gray	22/05/2014 Re-appointed 10/07/2018	4 years		General	CS	13/17
Ms J Lanning	07/07/2015 Re-appointed 08/07/2019	4 years		General	Vice-Chair of Corporation; Chair of CS, A, R	17/17
Ms C Peasgood	03/09/2012			Principal from 03/09/2012 Principal/ CEO from 01/11/2013	B, CS	17/17
Mr P Richardson	17/03/2020	2 year	02/07/2021	General	A, CS	16/16
Ms B. Sherwood	06/10/2015 Re-appointed 07/10/2019	4 years		General	Chair of A, Chair of R	12/17
Ms E Staley	01/07/2019 Re-appointed 07/07/2020	1 year	Extended until 07/2021	Student Union Representative	B, CS	12/17
Ms D Troughton	20/03/2018	4 years	08/06/2021	General	B	9/16

Key: A = Audit and Risk Committee; B = Business Committee; CS = Curriculum and Standards Committee; R = Remuneration.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Details of the Corporation

It is the Corporation's responsibility to bring independent judgment 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 at least once a 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 in 2020/21 were Audit and Risk, Business, Remuneration and Curriculum and Standards.

Minutes of all Board and committee meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Director of Governance and Legal at:

City College Norwich
Thetford Building
Ipswich Road
Norwich
NR2 2LJ

During 2020/21 in addition to the original schedule of business and calendar of Board and committee meetings, additional fortnightly Board meetings, continued through to September 2021. Due to the Covid-19 pandemic, these meetings have been held via Skype and Microsoft Teams and attendance has been excellent. Feedback from Governors in the Governance Self-Assessment for 2020/21 has been extremely positive in regard to the management of governance during the COVID-19 pandemic.

During 2020/21, due to the ever-changing requirements of Governance Professionals, the Director of Governance and Legal role was implemented in July 2021 as part of a new management restructure. As a result, the responsibilities of the Clerk to the Corporation were transferred to the Director of Governance and Legal. The training undertaken by these individuals is detailed below.

The Director of Governance and Legal, (previously Clerk), 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 Director of Governance and Legal (previously Clerk), who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance and Legal are matters for the Corporation as a whole.

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

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

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

Training of Governors

New members of the Governing body are supported by the Director of Governance and Legal and the Governance and Legal Assistant through a specific induction process via a number of meetings and online training sessions to ensure all requirements are met. Governors are asked to confirm they have read and understood various documents, such as, but not limited to:

Corporation Documents

- Code of Conduct for Board Members of Public Bodies
- Responsibilities of the Board
- Role Description for College Governors

Safeguarding:

- CCN Code of Conduct
- Keeping Children Safe in Education – Part 1

A dedicated session relating to the online Board Portal used for all Governance meetings is also provided.

A safeguarding training session is also provided to new Governors which incorporates Safeguarding, Code of Conduct, Keeping Children Safe in Education, Prevent and County Lines. This training is valid for a 3-year period which then requires updating. This session is normally run annually providing the training for new Governors, those that require renewal and those Governors that request a refresher early.

Governors and Governance Professionals are also encouraged to attend a number of sessions provided by the Education Training Foundation (ETF) and Association of Colleges (AoC) who provide sessions such as:

- New Governor Training
- Student Governor Training (UnLoc)
- Staff Governor Training
- Regional Governance Conference (East)
- Chairs Leadership Programme
- Governance Professionals Conference
- AoC Annual Conference
- AoC East Principals Network
- AoC East Clerk's Network

Numerous training opportunities are offered to the Governing body throughout the year at Strategy Days (2 per year), compressed training updates at Board (5 Minute Updates) and at the request of Governors through the Corporation self-assessment process.

Training of Governance Professionals

Current: Director of Governance and Legal (1 July 2021-onwards)

The Director of Governance and Legal took up post in July 2021, a schedule of training has been approved for 2021/22.

The previous Clerk to the Corporation (1 August 2020 to 30 June 2021) undertook a number of Governance Professional specific training courses through the Association of Colleges and Education Training Foundation from 2017 to 2021.

Both the Director of Governance and Legal and the Governance and Legal Assistant (former Clerk to the Corporation) are members of the AoC East Clerks Network and Governance Professionals Network who held meetings throughout 2020/21 and will continue with monthly meetings for the academic year 2021/22.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation. The Corporation were acting in collaboration with Transforming Education in Norfolk, the Parent Undertaking of the Corporation under the Instrument & Articles of Government, until 27 April 2021. On 27 April 2021, Transforming Education in Norfolk (TEN), the parent undertaking of City College Norwich, legally transferred its voting rights to City College Norwich and TEN was subsequently dissolved on 3 August 2021. The Corporation's Business Committee includes a search function and is responsible for monitoring Corporation membership. New appointments from 28 April 2021 were considered by the Business Committee and recommended to the Corporation. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years, at which they could be reappointed. In March 2019, the Corporation approved that members serve a maximum term of twelve years being two terms of four years as a Governor, followed by a further four-year term having been appointed into a more senior role, such as Chair. The Corporation continually assesses the composition of the Board to ensure it continues to have the right mix of skills, gender, race, experience and commitment.

Corporation performance

The Corporation carried out the annual assessment for the year ended 31 July 2021 during November 2021 considering documentation provided throughout the year from the senior management team and internal audit, feedback received from all members of the Corporation and taking account of events since 31 July 2021. The Corporation Self-Assessment feeds into the Colleges SAR consequently supporting its Ofsted judgements. The results of the report will be considered, in conjunction with the annual report, by the Board at its meeting on 14 December 2021.

Audit and Risk Committee

In 2020/2021, the Audit and Risk Committee comprised of four members, with one vacancy (including co-opted members as necessary). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

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

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

Managers are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

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

City College Norwich - Report and Financial statements for the year ended 31 July 2021

The members of the committee and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Bree Sherwood (Chair)	4	4
Philip Richardson	4	4
Jill Lanning	4	4

In 2020/21 the normal calendar of meetings and schedule of business was implemented with meetings held via Teams. Additional meetings were arranged where necessary, including one for Audit and Risk in January 2021.

Business Committee

In 2020/21, the Business Committee comprised of eight members, with two vacancies (including co-opted members as necessary). The Business Committee's main purpose is to oversee general financial matters of the Board. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2021 are set out in note 9 of the financial statements. The members of the Committee and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Andrew Barnes (Chair)	6	6
Emily Staley	0	6
Corrienne Peasgood	6	6
Denise Troughton	1	5
Noel Bartram	5	6
Jonathan Barnard	6	6

In 2020/21 the normal calendar of meetings and schedule of business was implemented with meetings held via Microsoft Teams. No additional meetings were required for the Business Committee.

Curriculum & Standards Committee

In 2020/21, the Curriculum and Standards Committee comprised of eight members (including co-opted members as necessary), with one vacancy. This is inclusive of the Student Union President, FE Student Governor and one co-opted member.

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to oversee the curriculum and standards matters of the College.

The members of the Committee and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Andrea Blanchflower	6	6
Jill Lanning (Chair)	6	6
Corrienne Peasgood	6	6
Emily Staley	6	6
Nikki Gray	2	6
Sophie Gray	0	2
Aron Whiles (co-opted)	3	6

In 2020/21 the normal calendar of meetings and schedule of business was implemented with meetings held via Teams. No additional meetings were required for the Curriculum and Standards committee.

Remuneration Committee

In 2020/21, the Remuneration Committee comprised of four members. The Committee operates in accordance with written terms of reference approved by the Corporation. The Committee's responsibilities are to make recommendations to the Business Committee and Board on the remuneration and benefits of senior post holders and other key management personnel.

The Committee members and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Bree Sherwood	5	5
Andrew Barnes	5	5
Jill Lanning	5	5
Noel Bartram	5	5

In 2020/21 the normal calendar of meetings and schedule of business was implemented with meetings held via Microsoft Teams with additional meetings arranged where necessary. Following discussion by the Remuneration Committee four additional meetings were scheduled for 2020/21 and a recommendation was made for the Committee to meet once a term going forward.

Additional Governance Meetings

For 2020/21, City College Norwich has adopted and abided by the requirements of the Colleges Senior Post Holder Remuneration Code (2018) ("The Code").

Adopting the Code assists the Remuneration Committee in rewarding and retaining highly talented and effective Senior Post Holders ("SPH") in order for them to deliver the College's strategy and to achieve the best outcomes for students, key stakeholders and staff while ensuring effective use of resources. SPHs receive an annual salary only - performance-related pay in City College Norwich ceased from the academic year 2018/19 following approval of the Board.

Additional to the above mentioned Governance meetings, members of the corporation will participate in additional meetings throughout the year such as, Curriculum planning meetings, College Self-Assessment Review meetings and FE Improvement Boards.

Value for Money

As accounting officer, the Principal has responsibility for ensuring that the College delivers good value in the use of public resources. Value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

During 2019/20 and as a result of the COVID 19 pandemic, the College followed the Procurement Policy Note (PPN) issued by the Government in March 2020, which set out information and guidance on the payment of suppliers by public bodies to ensure service continuity during and after the COVID-19 outbreak. The College applied the PPN, in line with advice from the Cabinet Office and Association of Colleges, in relation to the following main suppliers/contractors:

- Exam fees to the Awarding Bodies;
- Cleaning contractors; and
- Catering contractors.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

During 2020/21, the College continued to apply the PPN in relation to the above suppliers during the national lockdown from 5 January to 8 March 2021.

In applying the PPN in the above cases, the Principal was satisfied that the College was obtaining value for money.

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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between City College Norwich and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in City College Norwich for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The system of internal control is based on a framework of regular management information, administration 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; and
- The adoption of formal project management disciplines, where appropriate.

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

Risks faced by the Corporation

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by City College Norwich. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

The Board has an approved Risk Management Policy in place and the identification and evaluation of key risks that threaten achievement of the College's objectives are carried out under that Policy. Proportional steps are taken to mitigate the identified risks and a register of these risks including detail of the mitigating action taken, is maintained for the College.

The College holds and maintains a Risk Register which incorporates the organisational and financial risks. The Risk Register lists risks; assesses their impact on a five-point scale: minor, moderate, serious, major and severe; and assesses their likelihood on a five-point scale: unlikely, possible, likely, highly likely and almost certain. The Risk Management Policy sets out the appetite for risk and the Risk Register format, including the scoring of impact.

The Board is responsible for determining the nature and extent of the significant risks they are willing to take in achieving their strategic objectives, taking regard of the overarching risk appetite as set out in the policy. The Board is charged with establishing formal and transparent arrangements for considering how they should apply the risk management and internal control principles and monitoring the effectiveness of those.

In addition, as a separate process to the above and as part of the College's response to the management of COVID-19, a COVID-19 specific risk register has been in place throughout 2020/21. This is routinely reviewed by the College Leadership Team and College Governors and has also been subject to an Internal Audit review by the College's internal auditor, Scrutton Bland.

Fraud

The Corporation has a zero-tolerance approach to fraud and action is taken to limit the risk of fraud through the system of internal control. A fraud policy and response plan is incorporated in the risk management framework.

Bribery

The Corporation has a zero-tolerance approach to bribery and action is taken to limit the risk of bribery through the system of internal control with the maintenance and monitoring of a register of gifts and hospitality received. The College undertakes regular reviews of the anti-bribery measures in place, ensuring that they remain adequate.

Control weaknesses identified

There are no significant internal control weaknesses that have been identified during 2020/21 and up to the date of the signing of the annual report and accounts 2020/21.

Responsibilities under funding agreements

The Corporation has funding agreements and contracts in place with a number of organisations including the ESFA and the OfS, which are signed by the Principal as Accounting Officer.

All funding streams have specific individuals responsible for ensuring that the terms and conditions of funding are met. In addition, the College's funding team, within the central Registry team, will review all funding rules and ensure that these are supported by appropriate learner records. Furthermore, the College has a strong financial management control environment and this ensures regularity and propriety in the use of funding. This includes:

- Having approved policies and procedures in place, such as the Financial Regulations. These are available to all staff on the College's intranet and provide the overarching financial rules for staff to abide by;
- Setting and regularly monitoring an annual budget. The budget is set prior to the start of the year and approved by the Board. Management accounts are produced and reviewed by the Principal on a monthly basis and are presented on a regular basis throughout the year to the Business Committee and the Board;
- A hierarchical authorisation matrix is in place, agreed by the Principal, for the approval of orders and expenditure. This ensures all proposed expenditure is authorised in advance and approved by the appropriate individuals, thus assisting in maintaining budgetary control;
- Monthly reconciliation and submission of the ILR to the ESFA; and
- Monthly completion and review of key financial reconciliations, such as the bank reconciliation, to confirm the accuracy and validity of financial transactions.

During 2020/21, all returns/claims required under the funding agreements have been submitted in accordance with the deadlines.

Furthermore, the College was selected for a funding audit which was concluded in January 2021. The outcome of the audit was good, with four minor control observations noted and no significant funding adjustments.

Statement from the Audit and Risk Committee

The Audit Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the corporation has effective internal controls in place.

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

- Review of risk management – particularly in relation to Covid 19 risks and measures;
- Apprenticeships – review of funding (follow-up of actions taken in response to Internal Audit's 2019/20 review in this area);

- Review of the work of internal audit (Scrutton Bland). The Committee reviewed reports and recommendations from the four reviews undertaken by internal audit during 2020/21. Reviews were undertaken in the following areas:
 - Culture;
 - Business Continuity;
 - Gatsby Career Plan;
 - Governance; and
 - Follow up of previous recommendations.

All reviews received strong / significant assurance, and good progress had been made on the follow-up review. There were no high risk recommendations and only 2 medium risk recommendation made.

There was no change to Internal Audit's agreed work plan for the year as a result of the Covid-19 pandemic. However, as a result of Covid-19 control measures in place at the College at certain times during the year, Internal Audit were not able to complete all reviews on-site at the College. Arrangements were therefore put in place to enable Internal Audit to complete their reviews through online meetings and sharing/providing required evidence through a secure internet portal.

- Review of the Internal Audit Annual Report 2020/21 which included the Head of Internal Audit's opinion that, for the year ended 31 July 2021, the College has adequate and effective:
 - Risk management processes;
 - Governance processes;
 - Control processes; and
 - Processes surrounding efficiency and effectiveness.
- Review of the work of the external audit (MHA MacIntyre Hudson). This included unqualified/unmodified audit and regularity opinions for the Group and College. In addition, no significant control weaknesses were identified through the work of external audit.

In providing its annual report, the Committee also took into account the results of the internal audit reviews undertaken within Norfolk Educational Services Ltd (who provide support services, including finance, to the College). Four reviews relevant to the College were performed in 2020/21 relating to:

- Funding Assurance (classroom based and apprenticeships);
- Key Financial Controls (Ordering, Purchasing and Payments);
- GDPR and Cyber Security; and
- Management Information (Estates).

Significant assurance was provided for all reviews except Funding Assurance (apprenticeships) in which reasonable assurance was provided and one high risk recommendation made relating to ensuring Apprenticeship Agreements and Commitment Statements are signed by the start date of the apprenticeship in all cases (but acceptance that COVID-19 impacted this part of College processes). Furthermore, reasonable progress had been made in relation to the follow-up review.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

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 and NES who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements auditors and the regularity auditors, in their management letters and other reports.

The Principal has been advised on the implications of the result of the HIA's review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

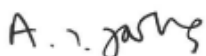
The Principal and executive management team receive reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal and executive management team and Audit and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement.

The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the executive management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation will review the results of its annual assessment for the year ended 31 July 2021. The assessment undertaken considered documentation provided throughout the year from the senior management team and internal audit, feedback received from all members of the Corporation and events since 31 July 2021.

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

The Board has received the annual report, has conducted its annual review of the effectiveness of the system of internal control, and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

Approved by order of the members of the Corporation on 14 December 2021, and signed on its behalf by:



Andrew Barnes
Chair of the Corporation



Corrienne Peasgood
Principal

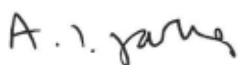
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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 colleges' grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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

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

Approved by order of the members of the Corporation on 14 December 2021, and signed on its behalf by:



Andrew Barnes
Chair of the Corporation



Corrienne Peasgood
Principal

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2020 to 2021* issued by the ESFA and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Group and the parent College and the result for that year.

In preparing the Group and parent College financial statements, the Corporation is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and Parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent College or to cease operations, or have no realistic alternative but to do so.

The Corporation is also required to prepare an Operating and Financial Review Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

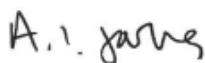
The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the parent College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and including the Further and Higher Education Act 1992 and Charities Act 2011, and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the group 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.

Statement of Responsibilities of the Members of the Corporation (continued)

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Grant Funding Agreements and contracts with the ESFA and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the group and parent College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by:



Andrew Barnes
Chair of the Corporation

Independent Auditor's report to the Corporation of City College Norwich

Opinion

We have audited the financial statements of the Corporation of City College Norwich (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2021 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and College's affairs as at 31 July 2021 and of the Group's and College's income and expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- Funds from whatever source administered by the corporation for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- Funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The corporation's grant and fee income, as disclosed in notes 2 and 2a to the financial statements, has been materially misstated; or
- The corporation's expenditure on access and participation activities for the financial year, as disclosed in note number 11a to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

Responsibilities of the Corporation of City College Norwich

As explained more fully in the Statement of Corporation Responsibilities on pages 35 and 36, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: Enquiry of management, those charged with governance and management around actual and potential litigation and claims;

- Enquiry of Corporation staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in dark ink, reading "MHA McIntyre Hudson". The signature is written in a cursive, slightly slanted style.

MHA McIntyre Hudson, Statutory Auditor

Statutory auditor

London, United Kingdom

Date: 17/12/2021

Reporting Accountant's Report on Regularity to the Corporation of City College Norwich and the Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the Corporation of City College Norwich during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of the Corporation of City College Norwich and the reporting accountant

The Corporation of City College Norwich is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

City College Norwich - Report and Financial statements for the year ended 31 July 2021

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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



MHA MacIntyre Hudson

Reporting Accountant
6th Floor
2 London Wall Place
London, United Kingdom
EC2Y 5AU

Date: 17/12/2021

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
INCOME					
Funding body grants	2	41,776	41,776	37,292	37,292
Tuition fees and education contracts	3	6,174	6,174	6,851	6,851
Other grants and contracts	4	630	624	574	565
Other income	5	1,776	1,787	1,726	1,784
Investment income	6	3	3	14	14
Fair value of net assets of Easton College	8	-	-	22,690	17,371
Disposal of land at Easton	9	1,216	1,216	-	-
Disposal of land option – SPV Ltd	9	3,613	-	-	-
Gift aid of profit from SPV Ltd (for sale of option on land)	9	-	5,721	-	-
Total Income		55,188	57,301	69,147	63,877
EXPENDITURE					
Staff costs	10	39,008	38,086	34,320	34,291
Other operating expenses	11	10,253	10,222	9,983	10,024
Share from sale of land options due to Suffolk New College	9	-	2,108	-	-
Fair Value of net assets of Norfolk Educational Services Ltd (NES)	14	11,885	-	-	-
Depreciation	15	2,596	2,449	2,180	2,094
Interest and other finance costs	12	1,122	899	798	798
Total Expenditure		64,864	53,764	47,281	47,207
Surplus / (Deficit) before other gains and losses		(9,676)	3,537	21,866	16,670
Surplus / (Deficit) before tax		(9,676)	3,537	21,866	16,670
Taxation	13	1	-	-	-
Surplus / (Deficit) for the year		(9,675)	3,537	21,866	16,670
Restricted reserve expenditure		(2)	(2)	(4)	(4)
Actuarial gain/(loss) in respect of pensions schemes	30	(2,682)	2,427	(13,909)	(13,909)
Actuarial (loss) in respect of pensions reimbursement asset	17	(337)	(337)	-	-
Actuarial impact of Easton staff transferring to CCN	30	-	-	933	933
Total Comprehensive Income for the year		(12,696)	5,625	8,886	3,690
Represented by:					
Unrestricted comprehensive income		(12,694)	5,627	8,890	3,694
Restricted comprehensive income		(2)	(2)	(4)	(4)
		(12,696)	5,625	8,886	3,690

The statement of comprehensive income is in respect of continuing activities.

The notes on pages 48 to 87 form part of the financial statements.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Consolidated Statement of Changes in Reserves

	Income and Expenditure account	Restricted reserve	Revaluation reserve	Total
	£000	£000	£000	£000
Balance at 1 August 2019	(12,676)	104	7,318	(5,254)
Surplus from the income and expenditure account	21,866	-	-	21,866
Other comprehensive income / (expenditure)	(12,976)	(4)	-	(12,980)
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	9,086	(4)	(196)	8,886
Balance at 31 July 2020	<u>(3,590)</u>	<u>100</u>	<u>7,122</u>	<u>3,632</u>
Balance at 1 August 2020	(3,590)	100	7,122	3,632
Deficit from the income and expenditure account	(9,675)	-	-	(9,675)
Other comprehensive income / (expenditure)	(3,019)	(2)	-	(3,021)
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	(12,498)	(2)	(196)	(12,696)
Balance at 31 July 2021	<u>(16,088)</u>	<u>98</u>	<u>6,926</u>	<u>(9,064)</u>

The notes on pages 48 to 87 form part of the financial statements.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

College Statement of Changes in Reserves

	Income and Expenditure account	Restricted reserve	Revaluation reserve	Total
	£000	£000	£000	£000
Balance at 1 August 2019	(12,676)	104	7,318	(5,254)
Surplus from the income and expenditure account	16,670	-	-	16,670
Other comprehensive income / (expenditure)	(12,976)	(4)	-	(12,980)
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	3,890	(4)	(196)	3,690
Balance at 31 July 2020	(8,786)	100	7,122	(1,564)
Balance at 1 August 2020	(8,786)	100	7,122	(1,564)
Surplus from the income and expenditure account	3,537	-	-	3,537
Other comprehensive income / (expenditure)	2,090	(2)	-	2,088
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	5,823	(2)	(196)	5,625
Balance at 31 July 2021	(2,963)	98	6,926	4,061

The notes on pages 48 to 87 form part of the financial statements.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Consolidated and College Balance Sheet

	Notes	As at 31 July 2021 Group £000	As at 31 July 2021 College £000	As at 31 July 2020 Group £000	As at 31 July 2020 College £000
Non-Current Assets					
Tangible fixed assets	15	73,924	68,892	65,840	60,662
Investments	16	2	2	744	744
Long term debtor	17	7,384	7,064	4,277	4,277
		81,310	75,958	70,861	65,683
Current assets					
Stock	18	126	126	151	151
Trade and other receivables	19	5,356	9,282	2,397	2,398
Cash and cash equivalents	25	16,459	12,374	10,360	10,324
		21,941	21,782	12,908	12,873
Less: Creditors – amounts falling due within one year	20	(11,196)	(10,890)	(6,023)	(6,006)
Net current assets		10,745	10,892	6,885	6,867
Total assets less current liabilities		92,055	86,850	77,746	72,550
Less: Creditors – amounts falling due after more than one year	21	(31,408)	(31,408)	(22,980)	(22,980)
Provisions					
Defined benefit obligations	24, 30	(68,012)	(47,817)	(47,394)	(47,394)
Other provisions	24	(1,699)	(3,564)	(3,740)	(3,740)
Total net assets/(liabilities)		(9,064)	4,061	3,632	(1,564)
Restricted Reserves	23	98	98	100	100
Unrestricted reserves					
Income and expenditure account		(16,088)	(2,963)	(3,590)	(8,786)
Revaluation reserve		6,926	6,926	7,122	7,122
Total reserves		(9,064)	4,061	3,632	(1,564)

The financial statements on pages 43 to 87 were approved and authorised for issue by the Corporation on 14 December 2021 and were signed on its behalf on that date by:

A. I. Jarvis

Andrew Barnes
Chair

Corrienne Peasgood

Corrienne Peasgood
Accounting Officer

The notes on pages 48 to 87 form part of the financial statements.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Consolidated Statement of Cash Flows for the year ended 31 July 2021

	Notes	2021 Group £000	2021 College £000	2020 Group £000	2020 College £000
Cash flow from operating activities					
(Deficit) / Surplus for the year		(9,675)	3,537	21,866	16,670
Adjustment for non-cash items					
Depreciation	15	2,596	2,449	2,180	2,094
Decrease / (Increase) in investments		742	742	(742)	(742)
(Increase) in long term debtors		(3,107)	(2,787)	(4,277)	(4,277)
Decrease / (Increase) in stock		25	25	(151)	(151)
(Increase) in debtors		(2,958)	(6,884)	(374)	(375)
Increase in creditors due within one year		4,981	4,692	1,910	1,893
Increase in creditors due after one year		8,778	8,778	10,051	10,051
(Decrease)/Increase in provisions		(2,041)	(176)	48	48
(Decrease) in restricted reserves	23	(2)	(2)	(4)	(4)
Pensions costs less contributions payable	30	3,908	2,850	1,877	1,877
Actuarial (loss) in respect of pension reimbursement asset		(337)	(337)		
Pension adjustment – Norfolk Educational Services Ltd		14,028	-	-	-
Defined benefit obligation - Easton	8	-	-	8,358	8,358
Fixed assets adjustment - Easton	8, 15	-	-	(38,997)	(33,733)
Taxation		(1)	-	-	-
Adjustment for investing or financing activities					
Investment income	6	(3)	(3)	(14)	(14)
Interest payable	12	221	221	166	166
(Profit) on the sale of fixed assets		(4,833)	(1,220)		
Taxation Paid			-	-	-
Net cash flow from operating activities		12,322	11,885	1,897	1,861
Cash flows from investing activities					
Proceeds from sale of fixed assets		5,413	1,800	-	-
Investment income		3	3	14	14
Payments made to acquire fixed assets		(11,084)	(11,083)	(964)	(964)
		(5,668)	(9,280)	(950)	(950)
Cash flows from financing activities					
Interest paid		(221)	(221)	(166)	(166)
New unsecured loans		-	-	2,872	2,872
Repayments of amounts borrowed		(334)	(334)	(346)	(346)
		(555)	(555)	2,360	2,360
Increase in cash and cash equivalents in the year		6,099	2,050	3,307	3,271
Cash and cash equivalents at beginning of the year	25	10,360	10,324	7,053	7,053
Cash and cash equivalents at end of the year	25	16,459	12,374	10,360	10,324

The notes on pages 48 to 87 form part of the financial statements.

Notes to the Accounts

1 Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The Corporation's consolidated financial statements include the financial statements of the College and its subsidiary undertakings in Easton Enterprises Ltd and SPV Ltd, together with the group's share of the profit less losses and reserves of associated undertakings (JV LLP). Intra-group sales and profits are eliminated fully on consolidation.

From 1 August 2020 to 27 April 2021, Norfolk Educational Services Limited (NES) was not consolidated within the Corporation's group accounts in accordance with FRS 102 section 9, as, despite the Corporation's 51% shareholding, it did not have majority control over appointments to NES Board. On 27 April 2021, just prior to its dissolution, Transforming Education in Norfolk (TEN), the parent undertaking of City College Norwich, legally transferred its shareholding in NES and its voting rights to City College Norwich. At this point, NES became a 100% subsidiary of City College Norwich. Therefore, the results, assets and liabilities of the company have been consolidated into the Corporation's group financial statements from this date.

The Student Union at the College is not consolidated within the Corporation's group accounts in accordance with FRS 102, as it does not have control over the Student Union, its representative members or activities. The President of the Student Union and the Student Liaison Officer are paid roles, funded by the College. The President is also a member of the Executive and Governing Board of the College. In addition, the College provides executive office support and a small non-pay budget to the Student Union for the year. These costs, in addition to the paid roles of President and Student Liaison Officer, are included within the College's costs for the year.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

Statement of accounting policies (cont'd)

The Corporation has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

In summary:

- The Group's budget for 2021/22 has an operating surplus of £189k and the October (month 3) management accounts shows a year to date College surplus of £44k (compared to year to date budget surplus of £311k, so an adverse variance of £267k) and our first emerging picture for the year (undertaken in November) shows a projected full year operating deficit of £305k (without further in-year mitigation). The main adverse variances are HE tuition fee income (recruitment lower than forecast) and apprenticeships (delayed starts in September 2021 as a result of the carry forward of completing apprentices from 2020/21). Mitigating actions will be reviewed to minimise the impact of these variances on the Colleges finances;
- Forecast cash at 31 July 2022 is £13.5m and forecast as at 31 Dec 2022 is £16.5m. Based on average monthly pay and non-payroll commitments of c£4.2m this produces cash days of c100 and 120 respectively;
- Cashflow forecasts include full capital commitments for the Advanced Construction and Engineering (ACE) centre (awarded a grant of c£3.1m) to upgrade engineering spaces on the Norwich campus in 2021/22. In addition, the forecasts include the remaining capital commitments for FECA schemes which were completed by 30 September 2021 (awarded £1.75m grant from the DfE) and the Digitech Factory (overall £11.4m build with a net cash contribution from the College of £3m); and
- Bank loans totalled £4,152k at 31 July 2021 - this represents less than 7.5% of total group income and is a low gearing level for the sector (sector average is c20%). Servicing the debt (principal and interest) is £556k per annum and is included in the cashflow forecast. The Group's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The following range of sensitivities have been taken into account in the cash flow forecast to December 2022:

- The 16-18 student number for the R04 ILR return for 2021 (which drives the funding allocation for 2022/23) is showing students numbers of 5587 (which is 99.8% of the funded student number, 5601, in 201/22). As a result, the College has assurance over c£30m/60% of its income for 2022/23;
- Apprenticeship forecast outturn for 2021/22 is £5.2m against a budget of £5.5m – this is primarily due to the lag in undertaking practicals and finalising apprentices from 2020/21 (because of COVID) and then, as a consequence, delayed apprenticeship starts in 2021/22. The forecast for 2022/23 included 2% growth (so £5.5m growing to £5.6m) – we are confident the apprenticeship cycle will catch up and this will address any short term decreases in funding;
- The adult education budget has been rolled forward at £1.7m which reflects the full contract value. The budget 2022/23 has been held at the same level, no growth has been assumed;
- Adult learner support top up monies from Norfolk CC is forecast at £1.5m in 2021/22 and in 2022/23;

Statement of accounting policies (cont'd)

- HE/commercial income has been re-forecast at £5.6m for 2021/22 (compared to original budget of £6.3m). For 2022/23, we originally assumed the £6.3m budget for 2021/22 and with certain adjustments rolled this forward to £6.4m. In 2022/23 we had assumed growth in aviation and policing degree students however this is partially offset by a reduction in forecast earnings from nursing associates as the two final cohorts complete in 2021/22. We will need to reflect and re-model the impact of the under recruitment of HE students in 2021/22 on the HE finances for 2022/23.
- Commercial/misc. income – this has been forecast for 2021/22 at £2.6m – a reduction of c£0.8m on pre-COVID 19 levels across all three campuses. For 2022/23, the Group has forecast £2.8m income which again assumes a gradual continued increase in activity and largely 'normal business' in operation as Covid vaccine booster programmes are in place;
- Payroll (including support services from NES) is £35.9m which is 67% of total income and in line with sector average. A consolidated cost of living pay award of 2% has been forecast, effective from January 2022 – the cost of this in the group 2021/22 budget is £387k (with the full year total effect for a 12 month period being £663k). We have assumed that the overall payroll for 2022/23 will include an additional c£320k per annum for 4 additional teaching posts and pay increments – the new teaching post would be kept under review depending on the student numbers;
- Non-payroll expenditure, excluding depreciation and irrecoverable VAT, is c£13.3m. The Group aims to combat the impact of inflation in all purchasing but 2% CPI would be a cost pressure of c£266k. We have assumed 2.5% inflation on certain areas within non-pay expenditure for 2022/23 and a 3% voluntary living wage increase of cleaning and catering contracts – this forecasts an additional £183k of non-pay costs for the year.

In addition to the detail shown above, following the announcement of the Spending Review in October 2021 we await further detail on how this will impact our financial settlements from 2022/23 (and onwards). Given the profile of the Skills Bill and the importance of education, training and skills to post-COVID economic recovery, we would hope for increases in the national base funding rate.

Consequently, based on healthy cash balances, prudent budgeting and proactive in-year financial management, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS (Office for Students) represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

Statement of accounting policies (cont'd)

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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.

Accounting for post-employment benefits

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

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

The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Statement of accounting policies (cont'd)

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires.

In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Further details of the pension schemes are given in note 30.

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- College Buildings – 50 years
- College roof – 30 years
- Refurbishments – 25 years
- Staff car park – 15 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 25 and 30 years.

Leasehold land and buildings are amortised over the period of the lease.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

Statement of accounting policies (cont'd)

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item (except for computer equipment) is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- | | |
|------------------------------------|--------------|
| • cars | 4 years |
| • minibus | 7 years |
| • computer equipment | 3 to 7 years |
| • furniture, fixtures and fittings | 5 years |
| • lab / kitchen equipment | 10 years |
| • other equipment | 5 years |

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income.

Statement of accounting policies (cont'd)

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

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

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

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

Statement of accounting policies (cont'd)

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

For further information on provisions see note 24.

Agency arrangements

The College acts as an agent in the collection and payment of bursary and discretionary support funds. Related payments received from the main funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 33 except for, where applicable, the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College's student services team deal with the administration of Learner Support Fund applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme – directly employed College staff*

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 30, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Statement of accounting policies (cont'd)

In determining the valuation of the Norfolk Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the College such as, the discount rate, inflation rate and life expectancy. The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

- *Local Government Pension Scheme – directly employed NES staff (contracted out support service)* - For further information held on this provision see note 30.
- *Provision for irrecoverable debts*

At year end an annual review is completed for the recoverability of individual debtor balances. Our accounting policy is to provide for 100% of all non-student loan company debtor balances that are greater than 12 months.

Student loan company balances are provided for on the following basis:

- We provide generally at 20% on debts less than 1 year (there are no debts greater than one year); and
- Where there are indicators of non-recoverability; we will provide on an individual basis.

For debtor balances due less than one year (excluding student loan company balances), where there are indicators of non-recoverability we will provide on an individual basis.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

2 Funding council grants

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Recurrent grants				
Education and Skills Funding Agency - adult	1,767	1,767	1,858	1,858
Education and Skills Funding Agency - 16-18	30,077	30,077	25,516	25,516
Education and Skills Funding Agency - apprenticeships	4,754	4,754	4,972	4,972
Local Authority	1,486	1,486	1,920	1,920
Office for students (OfS)	483	483	435	435
Specific Grants				
Education and Skills Funding Agency	1,013	1,013	970	970
Teacher Pension Scheme contribution grant	1,005	1,005	840	840
Releases of government capital grants	1,191	1,191	781	781
Total	41,776	41,776	37,292	37,292

2a Analysis of OfS income – Group and College

	Year ended 31 July 2021 College £000	Year ended 31 July 2020 College £000
Grant income from Office for Students *	483	435
Grant income from other bodies	-	-
Fee income for taught awards (exclusive of VAT)	4,224	4,165
Fee income for research awards (inclusive of VAT)	-	-
Fee income for non-qualifying courses	-	-
Total	4,707	4,600

* Income includes amounts received indirectly from OfS (e.g. as a result of the merger with Easton and Otley College) and through the validating university, UEA.

The disclosures shown above relate only to OfS/Higher Education. The disclosures do not include amounts received from the ESFA for Further Education which are shown in note 2 above. The Office for Students only regulates higher education in colleges – as a result the amounts recorded above relate to courses at Level 4 and above.

In addition to the above, the College has received monies for hardship funding from the OfS – this funding is shown within note 33. These monies are available solely for students and the College only acts as a paying agent for these funds.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

3 Tuition fees and education contracts

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Adult education fees	171	171	306	306
Apprenticeship fees and contracts	77	77	119	119
Fees for FE loan supported courses	611	611	504	504
HE Fees (including higher apprenticeships)	4,224	4,224	4,165	4,165
Full cost provision	1,087	1,087	1,693	1,693
Total tuition fees	6,170	6,170	6,787	6,787
Education contracts	4	4	64	64
Total	6,174	6,174	6,851	6,851

4 Other grants and contracts

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Coronavirus Job Retention Scheme Grant *	19	13	43	34
European Commission	59	59	-	-
Other grants and contracts	552	552	531	531
Total	630	624	574	565

* The Corporation furloughed 9 (2019/20: 12) commercial staff within leisure services (within the sports, tennis and equine centres) under the government's Coronavirus Job Retention Scheme. The funding received relates to staff costs which are included within the staff costs note below as appropriate.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

5 Other income

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Catering and residences	540	540	667	667
Farming activities	209	209	77	77
Sports and leisure	233	218	106	95
Other income generating activities	429	429	341	341
Miscellaneous income	365	391	535	604
Total	1,776	1,787	1,726	1,784

6 Investment income

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Other investment income	1	1	-	-
Other interest receivable	2	2	14	14
Total	3	3	14	14

7 Donations

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Unrestricted donations	-	-	-	-
Total	-	-	-	-

City College Norwich - Report and Financial statements for the year ended 31 July 2021

8 Fair value of net assets of Easton College

No mergers have taken place during 2020/21. During the prior year, on 1 January 2020, Easton and Otley College (EOC) corporation dissolved. The Easton campus of EOC merged with City College Norwich and Otley campus of EOC merged with Suffolk New College. As a result, the staff, assets and liabilities relating to the Easton Campus transferred to City College Norwich.

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Fair value of the net assets of Easton	-	-	22,690	17,371

The net assets of the Easton campus at the point of transfer amounted to £11,769k (Group) and £10,866k (College). In accordance with accounting standards, the Corporation included these net assets within its Balance Sheet (Group and College) at fair value. A breakdown of the fair value of the Easton Campus net assets that transferred to the Group and City College Norwich, and were shown within the 2019/20 financial statements is shown below:

Fair Value Reconciliation

	Notes	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Net book value of net assets of Easton Campus at point of dissolution		11,769	10,866
Fair value adjustment - tangible fixed assets	1	17,663	13,247
Pension Asset Reimbursement	2	4,277	4,277
Reinstatement of Deferred Capital Grant	3	(11,019)	(11,019)
Total		22,690	17,371

Notes

- On transfer, the estate of Easton College was independently valued by Savills and this identified an increase in the value of its tangible fixed assets of £17,663k for the Group and £13,247k for the College.
- A pension reimbursement asset was recognised – further information on this has been included within note 17.
- An adjustment was made to align accounting treatment with the accounting policy adopted by the College in relation to Deferred Capital Grants. This resulted in £11,019k of deferred capital grant being reinstated on to the Group and College's Balance Sheet.

In addition to the fair value of the net assets transferred being recognised within the Statement of Comprehensive Income for the year ended 31 July 2020:

- All assets and liabilities that transferred were incorporated within the Group and College Balance Sheet and were reflected in the Balance Sheet as at 31 July 2020 to the extent they remained assets and liabilities at that date; and
- A non-cash adjustment was also made to the Group and College Cash Flow Statement for the year ended 31 July 2020.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

9 Sale of Land and Land Options at Easton

ELC JV LLP, a joint venture organisation in which EOC SPV Ltd is a partner, was set up to facilitate the sale of land to the west of Easton for development. The land was owned by three partners, one being City College Norwich. The options over the land were held by ELC JV LLP. On 17 May 2021, completion was achieved on the sale of both the land and land options. Under the terms of the sale agreement the sales proceeds are to be paid in three tranches – the first was on the completion date (17 May 2021), the second in April 2022 and the last in May 2023. Whilst the Group and College have recognised the surplus on the land and land options sale in full within 2020/21, both short and long term receivables have been recognised to reflect the payments of the remaining proceeds.

Under the terms of the merger agreement for the merger of Easton campus with City College Norwich and Otley campus with Suffolk New College on 1 January 2020, a 1/3 proportion of the net surplus achieved on sale is due to Suffolk New College. The surplus on disposal of both the land and land options and the amounts due to Suffolk New College have been included within the Statement of Comprehensive Income. Furthermore, creditors payable within one year and greater than one year have been recognised which reflect the timing of the payments due to Suffolk New College and are based on the timing of the receipt of the deferred consideration from the developer.

The following is recognised in the Statement of Comprehensive Income:

		Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
	Note				
Income:					
Net surplus from the sale of land at Easton	1	1,216	1,216	-	-
Net surplus from the sale of the land options	2	3,613	-	-	-
Gift aid received from SPV Ltd	3	-	5,721	-	-
Expenditure:					
Amounts due Suffolk New College relating to the sale of land options	4	-	(2,108)	-	-
		4,829	4,829	-	-

Notes

1. The net book value of the land disposed of by the College of £580k, has been netted off the proceeds received of £2,694k, to give a total surplus on the land sale of £2,114k. Under the merger agreement, one third of the surplus, which amounts to £705k, is due to Suffolk New College. This results in a net surplus on the land for the College (and Group) of £1,409k. A further adjustment has been made for amounts owed to Suffolk New College to reflect the cash receipts from the sale – this amounts to £193k. Therefore, the net surplus on the land sale for the Group and College amounts to £1,216k, (£1,409k less the cash adjustment of £193k). The creditor of £898k due to Suffolk New College is shown in note 21.
2. Within the Group accounts, the surplus on the sale of the land options (£5,721k) is shown net of the amount due, under the merger agreement, to Suffolk New College of £2,108k.
3. The surplus on the sale of the land options recognised in the profit and loss account of ELC JV LLP was distributed to its members during the year. As a result, EOC SPV Ltd recognised its share of the surplus, which created a profit for the year of £5,721k, which has been distributed to the College under gift aid.
4. Under the merger agreement, one third of the College's share of the surplus on the sale of the land options (£5,721k) is due to Suffolk New College. This amounts to £1,907k. A further adjustment has been made for amounts owed to Suffolk New College to reflect the cash receipts from the sale – this amounts to £201k. The total amount due to Suffolk New College of £2,108k has been included within note 20 (Other creditors).

City College Norwich - Report and Financial statements for the year ended 31 July 2021

10 Group and College Staff Numbers and Costs

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

	2021 Headcount No. Group	2021 Headcount No. College	2020 Headcount No. Group	2020 Headcount No. College
Teaching staff	442	442	407	407
Non teaching staff	552	509	460	460
	994	951	867	867

Note: The average headcount is calculated based on the College's full establishment but excludes those employees on variable hour contracts. The College will review its calculation over the year to ensure these are included within the calculation going forwards.

Staff costs for the above persons

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Wages and salaries	22,838	21,718	19,938	19,913
Social security costs	1,999	1,900	1,754	1,752
Other pension costs	8,092	6,939	5,789	5,787
Payroll sub-total	32,929	30,557	27,481	27,452
Contracted out staffing services *	6,079	7,529	6,839	6,839
Restructuring costs		-	-	-
Total	39,008	38,086	34,320	34,291

* Within the Group, and effective from 27 April 2021 when NES became a subsidiary of the College, the staff costs of NES ceased being disclosed within contracted out staffing services and commenced being disclosed within wages and salaries, social security and other pension costs.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the members of the Executive Team: Chief Executive Officer / Principal, Deputy and Assistant principals. Staff costs include compensation paid to key management personnel for loss of office.

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	4	4

City College Norwich - Report and Financial statements for the year ended 31 July 2021

10 Group and College Staff Numbers and Costs (continued)

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

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

	Key management personnel		Other Staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£45,001 - £50,000	1	1	-	-
£60,001 to £65,000	-	-	1	2
£70,001 to £75,000	1	1	-	-
£85,001 to £90,000	1	1	-	-
£150,000 to £155,000	1	1	-	-
	<u>4</u>	<u>4</u>	<u>1</u>	<u>2</u>

Including part time workers grossed up to full time equivalent at their usual rate of pay, 1 member of key management personnel was paid in the £60,001 to £65,000 banding in 2020/21 (1 in the £60,001 to £65,000 in 2019/20).

Key management personnel emoluments are made up as follows:

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Basic Salary	360	358
Performance Related Pay and Bonus	-	-
Benefits in kind	-	-
Sub-total	<u>360</u>	<u>358</u>
Pension contributions	84	81
Total	<u>444</u>	<u>439</u>

From 2019, the Corporation made the decision not to apply performance related pay or bonuses for any staff.

The remuneration package of key management personnel, excluding the Accounting Officer (see below), is subject to annual review by the Business Committee and Principal. The review takes into account benchmarking information, including the AoC's senior staff pay survey, to provide objective guidance on remuneration. The Business Committee and Accounting Officer justify the remuneration on the grounds that it is commensurate with responsibilities and pay of officers in similar positions at other Colleges.

In addition, the Accounting Officer undertakes an annual review of key management performance against objectives previously agreed with the individual, using both qualitative and quantitative measures of performance.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

10 Group and College Staff Numbers and Costs (continued)

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

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Basic Salary	153	151
Performance related pay and bonus *	-	-
Benefits in kind	-	-
Sub-total	153	151
Pension contributions	36	35
Total	189	186

*From 2019, the Corporation made the decision not to apply performance related pay or bonuses for the Accounting Officer.

The Corporation adopted AoC's Senior Staff Remuneration Code in March 2019 and assesses pay in line with its principles. The remuneration package of the Accounting Officer is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance. The Remuneration Committee justify the remuneration on the grounds that it is commensurate with responsibilities and pay of Principals in similar Colleges.

The Accounting Officer reports to the Chair of the Corporation, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Accounting Officer's pay and remuneration expressed as a multiple

	Year ended 31 July 2021	Year ended 31 July 2020
Accounting Officer's basic salary as a multiple of the median of all staff (see 1 below)	6.0	6.0
Accounting Officer's total remuneration as a multiple of the median of all staff (see 2 below)	6.1	6.1

Notes

- 1 The median of the basic salary of all staff is calculated on a headcount basis.
- 2 The median of the remuneration of all staff is calculated by taking the median of the basic salary of all staff and combining this with the median of annual actual costs for all staff for (i) employer pension contributions (adjusted for full time basis), (ii) benefits-in-kind and (iii) overtime. No further amounts are remunerated to staff (i.e. no bonus/PRP is paid).

Salary Sacrifice Arrangements

The Group participates in two salary sacrifice arrangements:

1. Cycle to Work Scheme - this is a Government backed initiative that enables Group staff members to obtain a bike and/or cycling accessories to use for riding to work – the equipment is hired and a salary sacrifice arrangement is entered into for paying back the loan on the bike/accessories and safety equipment. Deductions are made from gross rather than net pay for the hire period, allowing staff to benefit from income tax and NI relief. Limits are in place, depending on monthly gross pay, as to the value of bike/accessories which can be hired, and loan agreements on these are typically for 12 to 18 months.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Salary Sacrifice Arrangements (continued)

2. Childcare vouchers – following the Government roll out of the Tax-Free Childcare Scheme on 1 October 2018, the Group's childcare voucher scheme was closed to new entrants. Group staff members that were in the Group's scheme at that time, and remain in that scheme in 2020/21, can sacrifice salary in return for childcare vouchers, as follows:
- For those earning up to £40k – salary of between £1 and £243 a month can be sacrificed for the equivalent in childcare vouchers; and
 - For those earning £40k and over – salary of £124 a month can be sacrificed for the equivalent in childcare vouchers.

11 Other operating expenses

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Teaching costs	2,045	2,045	2,159	2,159
Non teaching costs	4,788	4,686	5,124	5,110
Premises costs	3,420	3,491	2,700	2,755
Total	10,253	10,222	9,983	10,024

Other operating expenses include:

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Auditors' remuneration:				
Financial statements audit	49	36	85	81
Other services provided by the financial statements auditors (for certification of grant claims)	6	6	10	6
Internal Audit fees	20	11	16	16
Hire of assets under operating leases	383	383	332	332

11a Access and participation spending

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Access investment	36	36	157	157
Financial support to students	25	25	-	-
Disability support	22	22	-	-
Research and evaluation (relating to access and participation)	34	34	-	-
Total	117	117	157	157

City College Norwich - Report and Financial statements for the year ended 31 July 2021

11a Access and Participation spending (continued)

With the above, staff costs amount to £92k (2019/20: £155k) and are already included within note 10 on staff costs. The College's published access and participation plan can be found on the following links:

[Action-and-Participation-Plan-2020-21-to-2024-25.pdf \(ccn.ac.uk\)](#)

12 Interest and other finance costs

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
On bank loans, overdrafts and other loans	221	221	166	166
Pensions:				
Pension finance costs (note 30)	901	678	612	612
Pension finance costs (NES)	-	-	20	20
Total	1,122	899	798	798

13 Taxation

The Members do not believe the College was liable for any corporation tax arising out of its activities during this period.

Within the Group, the profits made by EOC Enterprises Ltd and EOC SPV Ltd have been distributed to the College under gift aid thus sheltering the profits from incurring any tax charges. NES incurred a small taxable profit of £1,313 resulting in a tax charge of £249 for the period to 31 July 2021. However, this has been offset by brought forward trading losses. The introduction of rules to temporarily allow trading losses to be carried back for an extended period of up to three years has meant that NES has utilised some of its prior year trading losses against taxable profits in 2017 and 2018, thus a tax credit of £1,367 is due to NES and has been recognised in the Group accounts.

14 Fair value of net assets of NES

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Fair value of the net (liabilities)/assets of NES	(11,885)	-	-	-

On 27 April 2021, NES became a 100% subsidiary of the College (see note 16). The net liabilities of NES at that date amounted to £11,885k. In accordance with accounting standards, the Group has included these net liabilities within the Group Balance Sheet at fair value (this being equal to the net book value of the assets).

City College Norwich - Report and Financial statements for the year ended 31 July 2021

14 Fair Value of net assets of NES (continued)

A breakdown of the assets and liabilities of NES as at 27 April 2021 is shown below:

	As at 27 April 2021	
	£000	£000
Non-Current Assets		
Pensions asset		2,185
Current Assets		
Trade and other receivables	91	
Cash and cash equivalents	224	
	<u>315</u>	
Less: Creditors – amounts falling due within one year	(357)	
Net current (liabilities)/assets	<u>(42)</u>	
Total assets less current liabilities		<u>2,143</u>
Provisions		
Defined benefit obligations		(14,028)
Total Net (Liabilities)/Assets		<u>(11,885)</u>
Unrestricted reserves		
Income and expenditure account		(11,885)
Total Unrestricted Reserves		<u>(11,885)</u>

The net liabilities of NES as at 27 April 2021 of £11,885k have been included within the Group Balance Sheet as at 31 July 2021 to the extent that they remain assets or liabilities as that date.

The Consolidated Statement of Comprehensive Income for the group includes all income and expenditure relating to NES from 27 April 2021.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

15 Tangible fixed assets

Group

	Land & Buildings - Freehold £000	Equipment £000	Assets in the course of construction £000	Total £000
Cost or valuation				
At 1 August 2020	82,862	14,693	958	98,513
Additions	1,599	819	8,842	11,260
Disposals	(2,663)	(8)	-	(2,671)
At 31 July 2021	81,798	15,504	9,800	107,102
Depreciation				
At 1 August 2020	(19,720)	(12,953)	-	(32,673)
Charge for the year	(1,962)	(634)	-	(2,596)
Elimination in respect of disposals	2,083	8	-	2,091
At 31 July 2021	(19,599)	(13,579)	-	(33,178)
Net book value at 31 July 2021	62,199	1,925	9,800	73,924
Net book value at 31 July 2020	63,142	1,740	958	65,840

College

	Land & Buildings - Freehold £000	Equipment £000	Assets in the course of construction £000	Total £000
Cost or valuation				
At 1 August 2020	77,598	14,693	958	93,249
Additions	1,598	819	8,842	11,259
Disposals	(2,663)	(8)	-	(2,671)
At 31 July 2021	76,533	15,504	9,800	101,837
Depreciation				
At 1 August 2020	(19,634)	(12,953)	-	(32,587)
Charge for the year	(1,815)	(634)	-	(2,449)
Elimination in respect of disposals	2,083	8	-	2,091
At 31 July 2021	(19,366)	(13,579)	-	(32,945)
Net book value at 31 July 2021	57,167	1,925	9,800	68,892
Net book value at 31 July 2020	57,964	1,740	958	60,662

Assets under Construction

This balance relates to the building of the College's new Digitech Factory – designed to teach the skills demanded in the fast-growing digi-tech sector. Construction works began in late 2020, the building achieved practical completion on 20 August 2021 and started to be used for curriculum delivery at the start of September 2021.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

15 Tangible fixed assets (continued)

Ipswich Road, Norwich

Inherited land and buildings were valued in 1993 by Tim Matthews Associates (a firm of independent chartered surveyors), the value of the land only element being £4,569,749. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the Corporation at depreciated replacement cost. If land and buildings had not been revalued they would have been included at a cost of £nil.

Land and buildings with a net book value of £6,926,149 (2020 - £7,121,613) have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Chief Executive of Skills Funding, to surrender the proceeds.

Paston, North Walsham

Following the merger with Paston Sixth Form College on the 1 December 2017, the following tangible fixed assets were transferred to the College:

Lawns site - Freehold for the Lawns site with net book value of £2,709,000 transferred as at 1 December 2017. On transfer the Lawns site was independently valued by Arnolds Keys LLP. This identified an increase (upwards fair value adjustment) of £1,121,000 to the Lawns freehold (revised total fair value of £3,830,000). The net book value on transfer was funded by deferred ESFA capital grants of £1,877,825.

Equipment – equipment with a net book value of £47,000 transferred as at 1 December 2017. No fair value adjustment was required for this equipment.

Griffons site - in addition to the transfer of the freehold to the Lawns site a lease was signed on 1 December 2017 between The Official Custodian for Charities on Behalf of the Paston Foundation (Landlord) and Norwich City College of Further & Higher Education (Tenant) in relation to the Griffon Campus, North Walsham. The term of the lease is 20 years from 1 December 2017 (with the first break point at 10 years) and is based on a peppercorn rental. Permitted use of the premises is “as a college of general further education, identified as Paston College, with the main purpose and significant majority of provision for 16-19 year old full time students”. The title to the land is vested in The Official Custodian for Charities on Behalf of the Paston Foundation (Landlord). Based on the short term nature of the lease, the permitted use, and that the freehold is retained by the landlord, the Griffons site is not accounted for in the books of City College Norwich. The Griffons site was valued at depreciated replacement cost by Arnolds Keys LLP at £2,035,681 as at 1 December 2017.

Easton

Following the merger with the Easton Campus of Easton and Otley College on 1 January 2020, Easton campus land, buildings and equipment assets transferred to the Group as at 1 January 2020 (see note 8), with a net book value of:

	Group £000	College £000
Land	667	667
Buildings	20,433	19,585
Equipment	234	234
Total	21,334	20,486

On transfer, land and buildings assets were independently valued by Savills (UK) Ltd. The valuations were undertaken either at market value, where the asset has a commercial value, or at Depreciated Replacement Cost (where the assets are specialised for educational purposes). The revised fair value of these assets amounted to £38,997k and £33,733k for the Group and College respectively – a fair value increase of £17,663k and £13,247k respectively. The net book value on transfer was funded by deferred capital grants of £11,019k (£10,641k of which related to ESFA deferred capital grants).

City College Norwich - Report and Financial statements for the year ended 31 July 2021

15 Tangible fixed assets (continued)

Assets valued at market value:

Assets valued at market value were:

- Farm, residential properties and land;
- Equestrian Centre, stables and facilities and surrounding land;
- Student accommodation;
- Rural sports centre, sports and 3G pitches, changing rooms and tennis facilities; and
- Horticultural store.

The total net book value of these properties as at 1 January 2020 amounted to £7,780k. On transfer these were independently valued by Savills (UK) Ltd. This identified an increase (upwards fair value adjustment) of £7,199k to these freeholds (revised total fair value of £14,979k).

Assets valued at depreciated replacement cost:

Jubilee Buildings, David Lawrence Building and Michael Gamble Centre- The total net book value of these properties as at 1 January 2020 amounted to £12,472k. On transfer these were independently valued by Savills (UK) Ltd. This identified an increase (upwards fair value adjustment) of £6,048k to these freeholds (revised total fair value of £18,520k).

Sports centre - The total net book value of the sport centre as at 1 January 2020 amounted to £848k. This is held at net book value within the Easton Enterprises Ltd accounts. However on consolidation, the asset was independently valued by Savills (UK) Ltd. This identified an increase (upwards fair value adjustment) of £4,416k to this freehold (revised total fair value of £5,264k), which is included within the consolidated results.

Assets transferred at net book value:

Equipment with respective net book value of £234k also transferred to the Group as at 1 January 2020. No fair value adjustments were required to be made for these.

16 Non-current investments – Group and College

	Year ended 31 July 2021	Year ended 31 July 2020
	£000	£000
Investment (in ELC JV LLP by EOC SPV Ltd)	-	743
Investment – Other	2	1
Total	2	744

Investment (in SPV Ltd): EOC SPV Ltd held an investment in ELC JV LLP, a joint partnership arrangement established to facilitate the sale of land for development. Following the sale of the land and land options on 17 May 2021, ELC JV LLP have distributed all profits and equity back to its Members. As a result, the investment in ELC JV LLP is £nil at the year end.

Other: Subsidiary Undertakings – The College owns 100% of the £1 ordinary share capital of Norfolk Educational Services Limited (NES), a company incorporated in England and Wales. Norfolk Educational Services Limited was established to provide shared services to the educational organisations within the Transforming Education in Norfolk (TEN) Group. Following the dissolution of TEN, (the charitable company that was parent organisation to both the College and NES), on 27 April 2021 the shares previously held by TEN in NES, (a 49% stake holding), were transferred to the College. In addition, the power TEN had to appoint the majority of NES Directors also transferred to the College. As a result, NES is a subsidiary of the College and the College owns 100% of the £1 ordinary share capital of NES, (previously a 51% shareholding). From 27 April 2021, NES' results have been fully consolidated into the Group financial statements. NES accounting period end date has been amended to 31 July (previously 31 August) to align with the College's accounting period end. The principal business activity of NES remains the provision of support services (e.g. finance, HR and IT) to the College and its subsidiaries. In the current period (11 months to 31 July 2021), the Company made a loss after taxation of £1,055k (2019-20: loss of £1,585k). The loss was due to the additional costs of accounting for pensions under FRS102. Excluding these costs, the Company made a small surplus of £3k for the 11 month period (2019-20: £27k loss for the year). Net liabilities as at 31 July 2021 were £18,173k, (31 August 2020: £12,009k). Excluding the FRS 102 pension liability and associated reimbursement asset, the Company had net current liabilities of £164k as at 31 July 2021 (31 August 2020: £166k).

City College Norwich - Report and Financial statements for the year ended 31 July 2021

16 Non-current investments (continued)

The College owns 100 per cent of the issued ordinary £1 shares of EOC Enterprises Limited, a company incorporated in England and Wales. The principal business activity of EOC Enterprises Limited is the provision of sporting and conference facilities. In the current year, the profit generated after taxation but before gift aid payments by the company was £7k (year to 31 July 2020: profit of £38k). Net assets were £817k (year to 31 July 2020: £848k).

The College owns 100 per cent of the issued ordinary £1 shares of EOC SPV Limited, a company incorporated in England and Wales. EOC SPV Limited invests in ELC JV LLP, a joint partnership arrangement established to facilitate the sale of land for development. In the current year, the profit generated after taxation but before gift aid payments by the company was £5,721k (year to 31 July 2020: £nil). Net assets were £nil (year to 31 July 2020: £743k).

The above subsidiary undertakings are all fully consolidated within these financial statements.

17 Long Term Debtors

		Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
	Notes				
Pension Reimbursement Asset – Suffolk New College	1	3,940	3,940	4,277	4,277
Pension Reimbursement Asset	2	320	-	-	-
Trade Receivables	3	3,124	2,694	-	-
Amounts owed by subsidiary undertakings	3	-	430	-	-
		7,384	7,064	4,277	4,277

Notes

- When Easton and Otley College merged with both City College Norwich (CCN) and Suffolk New College (SNC) on 1 January 2020, the signed transfer agreement, pensions deed and commercial agreement detailed the split of responsibility for any payments that become liable to Norfolk Pension Fund in relation to historic Easton and Otley pensioners and deferred pensioners. As CCN is the primary employer with full responsibility to fund any shortfall, the total pension liability in relation to these individuals has been recognised within CCN's pension liability within the Group and College Balance Sheet. However, a long term pension reimbursement asset was recognised to account for the portion of liabilities due from SNC. The movement in the pension reimbursement asset, £337k, has been recognised within Other Comprehensive Income, as an actuarial loss.
- Within the Group, NES holds a pension reimbursement asset which reflects the guarantees afforded to the Company in relation to the pension liabilities for non-teaching staff employed by NES who transferred (under TUPE) into NES from Norfolk Academies Trust (a former Group member that was dissolved in 2021). Following the transfer of Norfolk Academy Trust's academy schools to other multi-academy trusts (MATs) during 2020, the pensions reimbursement asset was redistributed and transferred to these new MATs in accordance with the signed transfer agreements. The new MATs – Sapientia Trust, Inspiration Trust and Corvus Trust and NES have agreed that due to the COVID 19 pandemic, the calculation of the remaining pensions debt, (which was due when the academy schools transferred), will be deferred and performed in 2022 at the next triennial valuation of the pension scheme.
- The long term trade receivables of £2,694k relates to the proceeds due from the developer from the sale of the land at Easton by the College (for further details see note 9). £430k is due to the College from EOC SPV Ltd from the sale of the land options. These are combined to show the Group balance of £3,124k.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

18 Stock – Group and College

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Farm	126	137
Other	-	14
Total	126	151

19 Trade and other receivables

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Amounts falling due within one year:				
Trade receivables ⁽¹⁾	2,380	300	203	202
Amounts owed by subsidiary undertakings ⁽²⁾	-	6,073	4	6
Amounts owed by associate undertakings		-	-	1
Prepayments and accrued income	2,418	2,353	1,536	1,536
Amounts owed by the ESFA	466	466	637	637
Other Debtors	90	90	17	16
Deferred tax debtor	2	-	-	-
Total	5,356	9,282	2,397	2,398

- (1) Group trade receivables includes the amounts owed to EOC SPV Ltd, of £2,065k, from ELC JV LLP as a result of the sale of the land options.
- (2) The balance of £6,073k mainly relates to the amounts due from EOC SPV Ltd (£6,034k) to the College resulting from the sale of the land options.

20 Creditors: amounts falling due within one year

	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Bank loans and overdrafts	350	350	334	334
Salix loan	-	-	-	-
Trade payables	1,694	1,687	797	797
Amounts owed to group undertakings:				
Subsidiary undertakings	-	19	19	19
Corporation Tax	-	-	-	-
Other taxation and social security	537	444	443	442
Accruals and deferred income	2,186	1,961	2,005	1,989
Deferred income – government capital grants	1,474	1,474	1,114	1,114
Amounts owed to the ESFA	2,180	2,180	344	344
Other Creditors	2,775	2,775	967	967
Total	11,196	10,890	6,023	6,006

City College Norwich - Report and Financial statements for the year ended 31 July 2021

21 Creditors: amounts falling due after one year – Group and College

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Bank loans	3,803	4,153
Other creditors	898	-
Deferred income – government capital grants	26,707	18,827
Total	31,408	22,980

Other creditors relate to the amount due to Suffolk New College in relation to the sale of the land. The main reason for the increase in deferred income – government capital grants is due to the funding received on the Digitech Factory (asset under construction). Amortisation of these grants will commence when the asset is brought into use in 2021/22.

22 Maturity of Debt – Group and College

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year ended 31 July 2020 £000	Year ended 31 July 2020 £000
In one year or less	350	334
Between one and two years	371	350
Between two and five years	1,213	1,820
In five years or more	2,218	1,983
Total	4,152	4,487

The unsecured EIB loan was initially for £2,850k with 58 quarterly repayments over 14.5 years. The loan was taken out to fund the new roof and windows in the Norwich building. The College continues to meet all loan covenant requirements. Interest will be calculated on the balance of the loan for each applicable interest period at the aggregate rate of 3.862% (up to September 2022) and a rate of 3.14% (from September 2022 to March 2028), and capital repayments commenced from September 2013.

Following the merger of Easton, the College took on the long term bank loan previously held by Easton and Otley College with Lloyds Bank plc. The value of the loan at the point of transfer (1 January 2020) was £2,872k. The interest on the loan is 5.84% and it is repayable by instalments falling due until January 2034. The loan is secured on a portion of the freehold land at the Easton campus of the College. The College is meeting all loan covenant requirements.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

23 Restricted Reserves – Group and College

	2021 £000	2020 £000
At 1 August	100	104
Expenditure	(2)	(4)
At 31 July	98	100

The funds represent donations for prize funds, and the movement in the year represents amounts used for prizes awarded and specific earmarked schemes relating to certain building work which are being released over the useful life of the asset.

24 Provisions – Group

	Defined benefit Obligations £000	NES Pension £000	Enhanced pensions £000	Total £000
At 1 August 2020	47,394	1,865	1,875	51,134
Expenditure in the period	(2,842)	(1,865)	(145)	(4,852)
Transferred from Income and Expenditure account	23,460	-	(31)	23,429
At 31 July 2021	68,012	-	1,699	69,711

Provisions – College

	Defined benefit Obligations £000	NES Pension £000	Enhanced pensions £000	Total £000
At 1 August 2020	47,394	1,865	1,875	51,134
Expenditure in the period	(1,933)	-	(145)	(2,078)
Transferred from Income and Expenditure account	2,356	-	(31)	2,325
At 31 July 2021	47,817	1,865	1,699	51,381

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 30.

The NES pension provision is eliminated on consolidation within the Group Accounts. For further information relating to the NES provision see note 30.

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

24 Provisions (continued)

The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.6%	2.2%
Discount rate	1.6%	1.3%

25 Analysis of changes in net debt

Group

	At 1 August 2020 £000	Cash Flows £000	Other changes £000	At 31 July 2021 £000
Cash and cash equivalents	10,360	6,099	-	16,459
Total cash and cash equivalents	10,360	6,099	-	16,459
Borrowings				
Debt due within one year	(334)	334	(350)	(350)
Debts due after one year	(4,153)	-	350	(3,803)
Total Borrowings	(4,487)	334	-	(4,153)
Total	5,873	6,433	-	12,306

College

	At 1 August 2020 £000	At 1 August 2020 £000	Cash flows £000	At 31 July 2021 £000
Cash and cash equivalents	10,324	2,050	-	12,374
Total cash and cash equivalents	10,324	2,050	-	12,374
Borrowings				
Debt due within one year	(334)	334	(350)	(350)
Debts due after one year	(4,153)	-	350	(3,803)
Total Borrowings	(4,487)	334	-	4,153
Total	5,837	2,384	-	8,221

26 Capital commitments – Group and College

	2021 £000	2020 £000
Commitments contracted for at 31 July	742	7,772

The College is in the process of constructing a new Digitech building. Construction commenced in 2019/20. Work to complete the building was on-going as at 31 July 2021 and practical completion was subsequently achieved on 20 August 2021, hence the significant decrease in commitments compared to the prior year.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

27 Lease obligations – Group and College

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

	Group and College	
	2021	2020
	£000	£000
Future minimum lease payments due		
Land and buildings		
Not later than one year	229	220
Later than one year and not later than five years	891	867
later than five years	93	308
	<u>1,213</u>	<u>1,395</u>
Other		
Not later than one year	40	62
Later than one year and not later than five years	65	92
later than five years	-	-
	<u>105</u>	<u>154</u>
Total lease payments due	<u>1,318</u>	<u>1,549</u>

28 Contingent liabilities – Group and College

The College has a contingent liability in respect of future variation to the NES pension asset / liability. See note 30 for further information.

There were no other contingent liabilities at 31st July 2021 (2020: £Nil).

29 Events after the reporting period – Group and College

There are no events after the reporting period.

30 Defined benefit obligations

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

City College Norwich - Report and Financial statements for the year ended 31 July 2021

30 Defined benefit obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and the pension costs below are therefore based upon the results of that valuation.

Group

Total pension cost for the year	2021	2020
	£000	£000
Teachers Pension Scheme: contributions paid	2,853	2,565
Local Government Pension Scheme:		
Contributions paid	2,842	1,773
FRS 102 (28) charge	3,007	1,265
Charge to the Statement of Comprehensive Income	5,849	3,038
NES Pension costs incurred prior to joining the Group	(661)	-
LGPS revision in year	66	-
Enhanced pension charge to Statement of Comprehensive Income	(31)	177
Added years pension payments for Easton staff	16	9
Total Pension Cost for Year within staff costs	8,092	5,789

College

Total pension cost for the year	2021	2020
	£000	£000
Teachers Pension Scheme: contributions paid	2,853	2,565
Local Government Pension Scheme:		
Contributions paid	1,933	1,773
FRS 102 (28) charge	2,172	1,265
Charge to the Statement of Comprehensive Income	4,105	3,038
Enhanced pension charge to Statement of Comprehensive Income	(31)	177
Added years pension payments for Easton staff	16	9
Recharge of pension costs to Easton Enterprises Ltd	(4)	(2)
Total Pension Cost for Year within staff costs	6,939	5,787

Contributions amounting to £524k (2020: £513k) were payable to both schemes and are included in creditors.

Local Government Pension Scheme Pooling Agreement and Guarantee

The LGPS that the Group participates in is a funded defined benefit pension scheme administered by Norfolk County Council.

On 31 August 2012 an agreement was signed between Norfolk County Council, Norfolk Educational Services Limited (NES) and City College Norwich (CCN) ('LGPS Pooling Agreement and Guarantee') with respect to the legal responsibilities for the pension liabilities for non-teaching staff employed by NES including those transferring (under TUPE) from CCN and other group academies into NES.

30 Defined benefit obligations (continued)

On 1 September 2012 148 staff transferred under TUPE from CCN into NES (and NES also received additional staff from other group academy members).

With effect from 1 December 2017, 25 administrative and support staff from Paston Sixth Form College TUPE transferred into NES following the merger between City College Norwich and Paston Sixth Form College (following the recommendation arising from the Area Review process). The Norfolk Pension Fund was advised of this transfer and the actuarial impact on the LGPS liabilities was accounted for in the 2017-18 financial statements. Furthermore, with effect from 1 January 2020, 92 administrative, support and supply staff from Easton and Otley College TUPE transferred into NES following the merger between City College Norwich and the Easton Campus of Easton and Otley College. The Norfolk Pension Fund was advised of this transfer and the actuarial impact on the LGPS liabilities has been accounted for in the financial statements in 2019/20. Variations in the liability for these staff post transfer e.g. actuarial loss or service costs greater than employer contributions, have been accounted for within NES.

The LGPS Pooling Agreement and Guarantee states that CCN guarantees to meet the pension obligations and liabilities of relevant staff employed by NES. The Pooling Agreement also means that for the purpose of NES' participation in the Fund, Norfolk County Council will also apply the same employer contribution rate as that of CCN. Separately, the Service Agreements between NES and the member bodies, (i.e. CCN and the academies that have previously been within the group), also states that on exit/termination, the member body leaving would have to pay any associated pension charges. At point of exit from the shared service arrangement, the agreement requires a full actuarial calculation of the LGPS debt for the exiting party. At this point, the respective share of actuarial loss and service costs would be included in the full valuation of the exit debt.

As a result of the LGPS Pooling Agreement and Guarantee, CCN holds a NES pension provision of £1,865k on its Balance Sheet, which reflects the guarantees afforded to NES in relation to the pension liabilities for non-teaching staff employed by NES who transferred (under TUPE) from CCN. This provision is matched by a pension reimbursement asset held on the Balance Sheet of NES. The Group position therefore has a net nil impact.

The original pension liability of £1,765k was unwound in the annual accounts (since 2015-16) in recognition that the original liability was a discounted figure. To date, the impact of the unwinding of the discount is an accumulative pension interest cost of £100k.

In addition to the NES arrangement set out above the College also continues to employ staff with ongoing membership to the LGPS. This is accounted for using FRS102 and the amounts and disclosures are shown in the note.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined –contribution plan. The College has set out within this note, the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

30 Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme

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

The latest actuarial review of the TPS was carried out as at 31 March 2016 and the valuation report was published by the Department for Education (the Department) in April 2019. The key results of that valuation were:

- An increase in employer contribution rates from 1 September 2019 to 23.68% of pensionable pay (prior to this the rate was 16.48% of pensionable pay, which was set by the 2012 valuation). This rate will be payable until 31 March 2023, the date of the next valuation;
- Total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- An employer cost cap of 15.1% of pensionable pay; and
- The assumed real rate of return was 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 2.2%. The assumed nominal rate of return was 4.45%.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2019/04/valuation-report-release.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £2,853k (2020: £2,565k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Norfolk County Council. The total Group contribution made for the year ended 31 July 2021 was £3,555k, (£2,206k in 2019-20), of which employer's contributions totalled £2,842k (£1,773k in 2019-20) and employees' contributions totalled £713k (£433k in 2019-20). The agreed contribution rates for future years are 22% for employers and range from 5.5% to 12.5% for employees, depending on salary. A deficit payment has been agreed for 2021-22 – this will be £290k for the Group.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

30 Defined benefit obligations (continued)

In calculating the FRS 102 pension liabilities, the actuary has made allowances for the following:

- **Guaranteed Minimum Pension (GMP)** – On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalize pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The last formal funding valuation in March 2019 made allowance for full GMP indexation within the Local Government Pension Scheme. The actuary's rolled forward position to 31 July 2021 therefore includes this allowance in its assessment of the pension costs and liabilities.
- **McCloud Judgement (Public Service Pensions Age Discrimination Cases)** – When the LGPS Pension Scheme benefit structures were reformed, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes. In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The UK Government's application for leave to appeal to the Supreme Court was refused and with this decision it is understood that the Government's right to appeal is now fully exhausted. The implications of the ruling are expected to apply to the LGPS as well. As a result of this and in line with the prior year, the actuary has included an estimate of the cost of the impact of this judgement in the FRS 102 valuation as at 31 July 2021. This has been taken account of, within the actuarial loss for the year within Other Comprehensive Income in the Consolidated Statement of Comprehensive Income.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary. The assumptions for the Group include those which have been applied to the College and those which apply to NES:

	At 31 July 2021	At 31 July 2020
College:		
Rate of increase in salaries	3.55%	2.9%
Future pensions increases	2.85%	2.2%
Discount rate for scheme liabilities	1.60%	1.4%
Inflation assumption (CPI)	2.85%	2.2%
	At 31 July 2021	At 31 August 2020
NES:		
Rate of increase in salaries	3.50%	2.9%
Future pensions increases	2.80%	2.2%
Discount rate for scheme liabilities	1.60%	1.7%
Inflation assumption (CPI)	2.80%	2.2%

Commutation of pensions to lump sums

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax free cash for post-April 2008 service.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

30 Defined benefit obligations (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65, within the College and NES, are:

	At 31 July 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.90	21.70
Females	24.30	23.90
<i>Retiring in 20 years</i>		
Males	23.20	22.80
Females	26.20	25.50

The Group and College's share of the assets in the plan and the expected rates of return were:

Group	Long-term rate of return expected at 31 July 2021	Fair Value at 31 July 2021 £000	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £000
Equities	1.6%	63,217	1.4%	40,713
Bonds	1.6%	43,385	1.4%	27,941
Property	1.6%	13,635	1.4%	8,781
Cash	1.6%	3,719	1.4%	2,395
Total fair value of plan assets		123,956		79,830
Weighted average expected long term rate of return	1.6%		1.4%	
Actual return on plan assets		19,995		(1,628)
College	Long-term rate of return expected at 31 July 2021	Fair Value at 31 July 2021 £000	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £000
Equities	1.6%	49,291	1.4%	40,713
Bonds	1.6%	33,828	1.4%	27,941
Property	1.6%	10,632	1.4%	8,781
Cash	1.6%	2,900	1.4%	2,395
Total fair value of plan assets		96,651		79,830
Weighted average expected long term rate of return	1.6%		1.4%	
Actual return on plan assets		16,082		(1,628)

City College Norwich - Report and Financial statements for the year ended 31 July 2021

30 Defined benefit obligations (continued)

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

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Fair value of plan assets	123,956	96,651	79,830	79,830
Present value of plan liabilities	(191,865)	(144,366)	(127,120)	(127,120)
Present value of unfunded liabilities	(103)	(102)	(104)	(104)
Net pensions (liability)	(68,012)	(47,817)	(47,394)	(47,394)

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

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Amounts included in staff costs				
Current service cost	5,849	4,105	3,038	3,038
Past service cost	-	-	-	-
Total	5,849	4,105	3,038	3,038

Amounts included in investment income or interest payable

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Net pension finance cost	(901)	(678)	(612)	(612)
	(901)	(678)	(612)	(612)

Amounts recognised in Other Comprehensive Income

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Return on pension plan assets	18,519	14,960	(3,085)	(3,085)
Experience losses arising on defined benefit obligations	138	244	2,105	2,105
Changes in assumptions underlying the present value of plan liabilities	(21,339)	(12,777)	(12,929)	(12,929)
Actuarial impact of Easton staff transferring to CCN	-	-	933	933
Amount recognised in Other Comprehensive Income	(2,682)	2,427	(12,976)	(12,976)

City College Norwich - Report and Financial statements for the year ended 31 July 2021

30 Defined benefit obligations (continued)

Movement in net defined benefit (liability)/asset during the year

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Deficit in scheme at 1 August	(47,394)	(47,394)	(24,183)	(24,183)
Movement in year:				
Current service cost	(5,849)	(4,105)	(3,038)	(3,038)
Employer contributions	2,832	1,923	1,763	1,763
Contribution in respect of unfunded benefits	10	10	10	10
Past service cost	-	-	-	-
Net interest on the defined (liability)/asset	(901)	(678)	(612)	(612)
Effect of business combination and disposal	-	-	(7,425)	(7,425)
NES pension liabilities on joining group*	(14,028)	-	-	-
Actuarial gain / (loss) **	(2,682)	2,427	(13,909)	(13,909)
Net defined benefit pension (liability) as at 31 July	(68,012)	(47,817)	(47,394)	(47,394)

* The Group accounts include the balance on the pension liability of NES as at 27 April 2021 when NES became a subsidiary of the College.

** The prior year balance includes an actuarial loss of £8,358k, which represents the net LGPS liability at point of transfer from Easton at 1 January 2020. The staff and liabilities associated with this opening liability were either included in the liability shown above (where they remain employed by City College Norwich) or included in the valuation for Norfolk Educational Services Ltd for those who subsequently TUPE transferred.

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Defined benefit obligations at start of period	127,224	127,224	76,867	76,867
NES opening balance *	36,466	-	-	-
Current service cost	5,849	4,105	3,038	3,038
Interest cost	2,377	1,800	2,069	2,069
Contributions by Scheme participants	713	469	433	433
Experience gains and losses on defined benefit obligations	(138)	(244)	(2,105)	(2,105)
Changes in financial assumptions	21,339	12,777	12,929	12,929
Estimated unfunded benefits paid	(10)	(10)	(10)	(10)
Estimated benefits paid	(1,852)	(1,653)	(1,679)	(1,679)
Past Service cost	-	-	-	-
Curtailments and settlements	-	-	-	-
Effect of business combination and disposals *	-	-	35,682	35,682
Defined benefit obligations at end of period	191,968	144,468	127,224	127,224

30 Defined benefit obligations (continued)

Changes in fair value of plan assets

	Group	College	Group	College
	2021	2021	2020	2020
	£000	£000	£000	£000
Fair value of plan assets at start of period	79,830	79,830	52,684	52,684
NES opening balance *	22,438	-	-	-
Interest on plan assets	1,476	1,122	1,457	1,457
Return on plan assets	18,519	14,960	(3,085)	(3,085)
Employer contributions	2,832	1,923	1,763	1,763
Effect of business combination and disposals **	-	-	28,257	28,257
Contributions by Scheme participants	713	469	433	433
Contribution in respect of unfunded benefits	10	10	10	10
Estimated unfunded benefits paid	(10)	(10)	(10)	(10)
Estimated benefits paid	(1,852)	(1,653)	(1,679)	(1,679)
Fair value of plan assets at the end of period	123,956	96,651	79,830	79,830

* On 27 April 2021, the NES opening balance obligations were £36,466k and plan assets were £22,438k. The net liabilities of £14,028k are part of the net assets recognised in note 14.

** The prior year amounts relate to the merger of City College Norwich and the Easton campus of Easton and Otley College on 1 January 2020. The net effect of the business combination entries shown above - asset movement of £28,257k and liabilities movement of £35,682k - totals (£7,425k). The (£7,425k) less the transferred opening balance of (£8,358k) represents the net movement in pension liabilities accounted for in CCN for those staff that transferred employment to CCN.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

31 Related party transactions

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

During the year, the College was within the Transforming Education in Norfolk Charitable Group and City College Norwich Group (see note 32) - the group entities and prior year comparatives have been disclosed below.

Name of related party	Relationship	Transaction Description	Amounts 2020/21	Balance outstanding at period end 2021	Amounts 2019/20	Balance outstanding at period end 2020
			£000	£000	£000	£000
The Great Hospital	Connected Business (1)	Apprenticeship initiatives	-	-	1	-
Association of Colleges (AOC)	Connected Business (2)	Membership / staff training / agency staff	57	1	34	-
New Anglia Local Enterprise Partnership	Connected Business (2)	Capital grant funding	(5,231)	(808)	(524)	(254)
Norwich Opportunity Area	Connected Business (2)	Grant funding	(19)	(19)	-	-
Cambridge Access Validating Agency (CAVA)	Connected Business (3)	Exams / membership	26	-	29	-
RCU Ltd	Connected Business (3)	IT software licence	3	-	3	-
Norwich City Council (Towns Deal)	Connected Business (3)	Capital grant funding	(1,355)	(355)	N/A	N/A
UEA	Connected Business (4)	Higher Apprenticeship Income, Funding for HE delivery, validation charge, staff training	(143)	(126)	(558)	(358)
SEG Awards	Connected Business (5)	Exams	5	-	1	-
Easton Gymnastics Club	Connected Business (6)	Rental Income	(3)	(2)	N/A	N/A
Norfolk Educational Services	Group Entity (5)	Shared services / staff recharges / tuition fees	4,641	-	5,545	19
Norfolk Academies Trust	Group Entity	Student placements / print services / staff training	N/A	N/A	4	-

City College Norwich - Report and Financial statements for the year ended 31 July 2021

Name of related party	Relationship	Transaction Description	Amounts 2020/21	Balance outstanding at period end 2021	Amounts 2019/20	Balance outstanding at period end 2020
			£000	£000	£000	£000
NES Pension Liability	Group Entity	Pension liability	See disclosures in note 30.			
Norfolk CC Pension Fund	Charity SORP standard related party - Provision of LGPS		See disclosures in note 30.			
Teachers' Pension Scheme	Charity SORP standard related party - Provision of TPS		See disclosures in note 30.			

Amounts included accounting adjustments (accruals/prepayments)

Amounts shown in brackets are income/debtors

1. A Barnes was Chief Executive of The Great Hospital, (resigned 31/7/21).
2. C Peasgood is a Director of AoC and ACER, on the partnership board of the Norwich Opportunity Area and is a LEP Board Member.
3. J White is a Director of the Cambridge Access Validating Agency (CAVA) and Director of RCU Ltd.
4. A Blanchflower is a Director of Student Academic Services at UEA.
5. J Lanning - is a Trustee of SEG Awards.
6. J Barnard was a Trustee and Chairperson of Easton Gymnastics Club, (resigned 19/8/21).

The total expenses paid to or on behalf of the Governors during the year was £25; 1 governor (2020: £327; 1 governor). This represents training costs incurred to ensure fulfillment of their role as a governor.

City College Norwich - Report and Financial statements for the year ended 31 July 2021

32 Controlling Party

Up to 27 April 2021, the College, (and therefore EOC Enterprises Ltd and EOC SPV Ltd), was within the Transforming Education in Norfolk Charitable Group. The TEN Charity was a private company limited by guarantee and a registered charity, (number 1148753). A majority of the College Governors are TEN nominees.

On 27 April 2021, TEN legally transferred its shareholding in Norfolk Educational Services Ltd (NES) (49 ordinary shares) and voting rights to Norwich City College of Further and Higher Education and TEN was subsequently dissolved on 3 August 2021. As a result, the College is now the ultimate parent undertaking of the City College Norwich Group, (which includes NES, EOC Enterprises Ltd and EOC SPV Ltd).

33 Amounts disbursed to students – Group and College

Learner support funds / Hardship Funds		
	2021	2020
	£000	£000
Balance brought forward	236	53
Easton balances brought forward	-	39
Funding body grants – 16-19 bursary support	1,013	706
Funding body grants – Advanced learner loans bursary support	233	185
Funding body grants – Capacity & delivery bursary support	-	31
Funding body grants – Care leaver bursary support	1	3
Funding body grants – 16-19 residential	120	40
Funding body grants – residential support scheme	4	-
Other Funding body grants *	60	97
Student housing fund – Hardship Fund	49	-
Covid support fund – Hardship Fund	35	-
	1,515	1,101
Disbursed to students	(1,029)	(856)
Administration costs	(51)	(35)
Amount consolidated in financial statements	(66)	(22)
Amount returned to funding body	(98)	(5)
	(1,244)	(918)
Balance unspent as at 31 July, included in creditors	507	236

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent (agency basis for 16-19 and advanced learner loans bursaries). In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

* Other Funding body grants includes a transfer of the free school meals 2019/20 balance.