

**CITY COLLEGE NORWICH**

**Report and Financial Statements for the year ended 31 July 2020**



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## City College Norwich

### 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 2019/20:

- **Corrienne Peasgood**, Principal and CEO; Accounting Officer.
- **Jerry White**, Deputy Principal.
- **Julia Buckland**, 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 18 of these financial statements.

Clare Johnson, Clerk to the Corporation has been in position since 2 August 2016 to present.

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

#### Professional advisers

- **Financial statements and regularity auditor:**  
KPMG LLP  
Dragonfly House  
2 Gilders Way  
Norwich  
NR3 1UB
- **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

### 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 2020.

#### 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.

#### Mission

The College's mission was updated in 2019 after a process of review. The mission as approved by its members 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. This had previously featured within our mission prior to 2019 review.

**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. This had previously featured within our mission prior to 2019 review.

**Securing futures** – this statement was added as a result of the review in 2019. It 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 16. 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.

## City College Norwich

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 New Anglia Local Enterprise Partnership.

### Strategy

2019/20 has seen the College's Strategic Framework extended to provide a consistent framework through a year of unprecedented change and challenge. The framework, which was developed through extensive consultation with students, staff, governors and stakeholders, has continued to serve the College well. It is organised with four "pillars":

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

The merger with the Easton College campus of Easton and Otley College was completed on January 1<sup>st</sup> 2020 following an intensive period of work with key stakeholders. The College's Strategic Framework continued to provide a relevant framework for consideration of key business decisions regarding the merger and the opportunities and challenges it afforded. The College's activity to continue to bring together the newly merged organisation was clearly impacted in Spring 2020 by the Coronavirus (COVID-19) pandemic, which significantly altered the nature of college activity for the remaining part of the 2019/20 academic year.

The closure of all College campuses to all but a very small number of vulnerable students on March 20<sup>th</sup> 2020 completely altered the teaching and learning activities of the College. The switch to supporting students "online", whilst working with national organisations to understand the implications for exams and qualification achievements became the dominant activity for many months. Additionally, the pandemic had significant financial implications, both positive and negative. Whilst outlined in more detail further on this document, downward pressures on income from Apprenticeship activity and commercial lines such as catering and letting of facilities were offset in part by reductions in costs such as travel, hospitality, printing and utilities. Against an incredibly volatile background, the College was able to utilise the strategic framework to guide decision making and ensure leaders and governors were able to identify areas of concern and act decisively to address them.

## City College Norwich

### 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 set key headline targets for the 2019/20 academic year, based on the Self-Assessment Report (for FE and Apprenticeships) and the Monitoring and Review Evaluation (for Higher Education) in the autumn of 2019. These were pre-merger and reflected performance from the 2018/19 academic year. Governors suspended the normal reporting and monitoring of these targets in March 2020 at the point at which the country entered lockdown. A report to the September 2020 Curriculum and Standards Committee reported on the status of each target for 2019/20 in light of the impact of the pandemic.

Table 1 below indicates the outcome of actual earnings against allocations and budgets (where appropriate). The 16-18 funding allocation was altered in-year as a result of the merger with Easton College and table 1 reflects the merged position. The Adult Education Budget did not require alteration as a result of merger and performance was 80%. No later year programmes were able to be started due to the pandemic. Apprenticeship performance was strong considering the impact of the pandemic from March to July 2020 and reflects the progress made earlier in the academic year and the good levels of support provided to employers and their apprentices during the first wave of the COVID-19.

Table 1	Funding Allocation	End Year	
		2019/20 Out-turn	Difference
16-19 Funding	£27,156,583.00	£26,080,948	96%
Adult Education Budget	£1,801,764	£1,439,237	80%
Apprenticeships #	N/A	£4,754,141	

### Financial results

As a result of the merger with Easton, the College now wholly owns two subsidiary companies and is required to prepare consolidated accounts. Therefore, the financial results of the 'College Group' are shown below.

Group total comprehensive income for the year was a surplus of £8,886k, (£6,921k deficit 2018/19).

## City College Norwich

The significant increase of £15,807k from the prior year is largely due to:

- A gain 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 assets transferred were valued at £22,690k; and
- An increase in the actuarial loss over that of the prior year of £8,044k on the College's local government pension scheme. This is offset slightly by an actuarial gain of £933k in relation to the Easton pension liability that transferred to the College post merger. This gives a net increase of £7,111k.

The main constituent in the Group is the College. Its total comprehensive income for the year was a surplus of £3,690k (£6,921k deficit 2018/19). Again, the significant increase from the prior year result, of £10,611k, is largely due to the transfer of assets from Easton following the merger (£17,371k) and the increase in the net actuarial loss (£7,111k).

The College had an operating surplus for the year of £1,196k (£311k surplus in 2018/19). This reconciles to the total comprehensive income of £3,690k as follows:

- Additional charges / losses relating to pensions:
  - FRS 102 charges on the Local Government Pension Scheme amounting to £1,877k – this includes additional costs of £1,265k 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 £612k;
  - £20k charge for the unwinding of the NES pension provision; and
  - A net actuarial loss on the Local Government Pension Scheme liabilities of £12,976k, (this being a loss of £13,909k on the College's pension scheme, offset by a £933k actuarial gain from the impact of Easton staff transferring into the College).
- A gain of £17,371k as a result of the fair value adjustment on the net assets of Easton following the merger; and
- A small movement (loss) of £4k on the restricted reserves.

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. However, the College recognised the main sensitivities to the pandemic were in relation to Apprenticeship income, Adult Education delivery and commercial income. As a result, the Group revised its forecasts during the year and was forecasting a net loss of income in 2019/20 of £0.4m due to COVID-19 (forecast income drop of £1.2m offset by £0.8m of non-payroll savings).

Performance in the last quarter of the year was better than expected and some of the anticipated losses as a result of the pandemic either did not occur or were mitigated:

- Apprenticeships - Breaks in learning were not as extensive as expected and therefore meant apprentices were able to continue on programme and complete their training;
- Adult Education – the College was able to recognise its full income allocation within the year as we achieved 80% of allocation; and
- Whilst revenue was lost through the closure of all commercial and leisure learning activities, greater than anticipated savings were made on certain areas of non-payroll (travel, utilities and equipment/materials).

As a result, the net loss due to the pandemic in the 2019/20 financial year was relatively small and limited to the additional PPE and cleaning consumables that were purchased.

The Group has non-current fixed assets of £65,840k at 31 July 2020 (£28,025k at 31 July 2019), the large increase since the prior year mainly being as a result of the additional land and buildings that transferred to the College as part of the merger with Easton campus. In addition, the Group had net current assets of £6,885k (£5,085k at 31 July 2019), including cash balances of £10,360k (£7,053k at 31 July 2019).

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Creditors greater than one year are £22,980k at 31 July 2020 (£10,491k at 31 July 2019) and these comprise two bank loans (£4,153k) and deferred government capital grants (£18,827k). This increase over the prior year is as a result of the merger - the College:

- Took on an additional long-term loan from Easton for £2,872k; and
- Reinstated onto the balance sheet capital deferred grants of £11,019k – this was performed to appropriately align accounting policies between City College Norwich and the previous treatment by the former Easton and Otley College.

The defined benefit pension liability for the Local Government Pension Scheme has increased significantly over the prior year and was £47,394k at 31 July 2020 (£24,183k at 31 July 2019). The increase results mainly from the additional pension liabilities relating to staff that TUPE transferred to the Group from Easton (£8,358k) and an actuarial loss on pension scheme liabilities (£12,976k). Other provisions totalled £3,740k at 31 July 2020 (£3,692k at 31 July 2019).

The Group has an accumulated deficit at 31 July 2020 of £3,632k, (£5,254k at 31 July 2019). Excluding the impact of the main Local Government Pension Scheme Liability, the Group has an I&E reserve of £43,804k surplus at 31 July 2020 (£11,507k surplus at 31 July 2019) and a revaluation reserve of £7,122k (£7,318k at 31 July 2019). The TEN 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£1,383k to £2,766k. The College exceeds these levels.

The College has significant reliance on the Education and Skills Funding Agency for its principal funding source. In 2019/20 the ESFA provided 73% (2018/19: 72%) of the College's total income (excluding the fair value of net assets of Easton College).

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 annual Finance Record (December) and the Integrated Financial Model (July) for the Education and Skills Funding Agency. The Finance Record and the Integrated Financial Model produce a financial health grading. The current financial health rating of the College is good to outstanding which is considered an acceptable outcome.

### Subsidiary companies

The College owns 51% 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 TEN Group. The remaining 49% of the £1 ordinary share capital is owned by TEN and on the basis of voting rights and controlling influence, TEN is deemed to be controlling party and the results of NES are, therefore, not required to be consolidated into the College accounts.

In addition, following the merger with Easton and Otley College on 1 January 2020, the shares previously held by Easton and Otley College in two subsidiaries (EOC Enterprises Ltd and EOC SPV Ltd) and the interests in a joint venture (ELC JV LLP) were transferred in full to City College Norwich. The principal activity of EOC Enterprises Limited is the operation of a sports and conference centre at the Easton campus. 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. Any surpluses generated by these two subsidiaries will be transferred to the parent under gift aid. 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.

Full financial statements for the subsidiaries have been prepared for the year to 31 July 2020 and their results for the period are consolidated in these financial statements. The profit generated in the period by EOC Enterprises Limited and consolidated in these financial statements is £38k. No profits or losses were generated by EOC SPV Ltd.



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### 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 £3,307k during 2019/20 (£114k during 2018/19). This movement is comprised:

- Operating cash inflow of £1,897k (£1,119k for 2018/19) – this shows the overall cash movement arising from the operating surplus for the year;
- Net cash outflow from investing activities £950k (£687k for 2018/19) – this is primarily the annual IT equipment expenditure and costs incurred in the construction of the new Digitech building;
- Net cash inflow from financing activities £2,360k (£318k outflow for 2018/19) – this is the repayment of capital and interest for the College's bank loan and SALIX energy loan in addition to the capital and interest on the loan taken on as a result of the merger with Easton; and
- Cash at 31 July 2020 was £10,360k (31 July 2019 was £7,053k).

The Group has two long-term loans of £4,487k at 31 July 2020 (£1,901k at 31 July 2019). One will be paid over 8 years (last 5 years of which is variable interest) and the other over a 14 year period (which is a fixed rate of interest of 5.84%).

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 losses 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 £185k at 31 July 2020 (£5,254k at 31 July 2019). The net position is comprised:

- Income and expenditure account of £43,804k surplus (£11,507k surplus at 31 July 2019);
- Local Government pension scheme deficit £47,394k (£24,183k deficit at 31 July 2019);
- Revaluation reserve £7,122k surplus (£7,318k surplus at 31 July 2019); and
- Restricted reserves £100k surplus (£104k surplus at 31 July 2019).

## City College Norwich

### 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 outbreak. 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.

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 is having on the educational experiences of our learners and all efforts are being focused on trying to minimise the disruption to learning. Prior to the Prime Minister's announcements on the 5 January 2021, the College was fully open and providing on-site learning, with staff and students forming separate 'bubbles' to try to minimise any transmission of COVID 19. This was supported by on-line learning for students required to isolate due to COVID 19. From 5 January 2021, the College enacted the lockdown measures in accordance with Government guidance – it remains open (as requested) for children of keyworkers and children/students who are vulnerable or may have difficulty engaging with remote learning at home, and arrangements have been put in place to enable all other staff to work from home.

#### *Financially*

The preparation of the 2020/21 budget was dominated by the potential continued impacts of the COVID-19 pandemic in the coming financial year. The unprecedented and unpredictable nature of this major event presented very real challenges in preparing a prudent and realistic budget. From an income perspective, challenges remain in predicting the impact of the pandemic on Apprenticeship 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 are either certain to be impacted (for example Heltberg Norwegian School withdrawing from a regular international placement programme with the College) or are likely to be impacted (external sports bookings of facilities at Easton College for example).

The COVID-19 pandemic has had a wide impact on a range of Group activities. The current major capital development of the DigiTech Factory has started but the build was delayed by approximately 6-8 weeks and will incur additional costs as a result of COVID Secure working practices that the contractors will now implement. The Digi-Tech Factory will bring together our digital skills provision into a single, purpose-built space, allowing the College to significantly increase the number of students and apprentices studying digital courses. The project remains on track for delivery prior to the 2021/22 academic year, and additional funding sources have been sought to ensure the project is completed successfully and within the available funding envelope. Conversely, the 2020/21 budget has taken account of modest amounts of continued savings as a result of COVID-19 effects. Reductions in travel and CPD costs are examples of where the current remote working practices are likely to both continue into 2020/21 and possibly result in longer term changes in normal practice, with webinars and virtual meetings replacing the regular pre-COVID trips to physically attend such events.

Despite the above challenges, the Group has set a balanced budget for 2020/21 and is predicting an operating surplus of £273k (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. We currently anticipate an impact of c£330k on the Group's finances in

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2020-21 because of the pandemic, however, this is being managed within the budget set for the year.

The Group's rolling cash flow forecast over 2020/21 predicts cash balances of c£9.9m at 31 July 2021 and this forecast takes into account the forecast I&E position, our planned capital expenditure (both routine annual investment plus the College contribution to the Digttech build) 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 merger of City College Norwich (18/19 financial health rating = Good) and the Easton campus of Easton and Otley College (18/19 financial health rating = Inadequate) has not changed the financial health rating (of good to outstanding) for the College for 2019/20. This is considered an exceptional achievement, given all the challenges that the merger and pandemic has brought. Furthermore, the College is predicting a financial health rating of 'good' for both 2020/21 and 2021/22.

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 (to 31 December 2021). 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 College employs 867 (2018/19: 762) people (based on headcount), of whom 407 (2018/19: 360) are teaching staff.

### Current and Future Development and Performance

#### Student numbers

The 2019/20 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#

\* 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 incorporated Easton College students from January 2020 and results in a position where the merged college now provides education to 31% of the young people of Norfolk, the same % as study in all school sixth forms combined. Our contribution to the New Anglia LEP region for young people education is significant at 17% of the 16-18 cohort 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.

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Apprenticeships increased with inclusion of the specialist provision at Easton and also some strong growth in certain sectors earlier in the academic year. Clearly COVID had a significant impact on apprenticeship recruitment and provision from March 2020-July 2020 but the College worked productively with its employer partners to mitigate as much of the impact as possible and the overall funding out-turn for the academic year continued to grow year on year. The College has consolidated its position as the largest apprenticeship provider in Norfolk and across the New Anglia region.

### **Student achievements**

The unprecedented impact of the COVID pandemic on educational provision in the spring and summer of 2020 placed considerable additional burdens on the College and altered fundamentally the student achievement process.

Within FE, a variety of alternative grading processes were introduced for key qualification types. The processes, which ranged from the creation of Centre 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.

The cumulative result of these processes was that the Government announced that for the 2019/20 academic year no 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 2019/20 is a year when no comparators to either local or national benchmarks would be appropriate.

Within Higher Education, fundamental alternations 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. Whilst this remains a key area for development, clearly the impact of the COVID-19 pandemic has made such a focus considerably more challenging.

Key work continues to ensure that all parts of the College are operating effectively and delivering high quality teaching and learning. Easton College (as part of Easton and Otley College) was clearly challenging in this regard as evidenced by their Ofsted reports and the unrelenting focus of our work is to ensure that every Easton student gets at least a good, if not great experience at the College. Whilst strong progress has been made to date despite the pandemic, this work will continue through 2020/21 and beyond if necessary.

At a wider College level, 2020/21 will see a number of new curriculum and premises developments. The new T levels began in Sept 2020 with the College being one of only around 50 providers nationally. Over the course of 2020/21 these first groups will continue to lead the way as we work to introduce further routes in Sept 2021. For Adults, the new Essential Digital Skills qualifications will be introduced to support those wishing to address low levels of digital skills that may hold them back in work and wider aspects of modern life. More recently the College has continued its strong record of developing curriculum with local/ partners to address key skills challenges by launching a new partnership with the Norfolk Constabulary, including 2 new courses; an Access to Higher Education course in Policing and a Degree in Policing (Sept 2021 start).

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2020/21 was already on track to be a significant year in terms of capital developments, with the Digitech Factory development being completed for Sept 2021 opening. However, a number of recent developments have created further opportunities to improve our estate. The Further Education Capital Allocation (FECA) was a government initiative to release capital funding earlier than planned and has resulted in the College planning a £1.7m program of works across all its keys sites. In addition, the College was part of the Norwich City Council Towns Deal bid which is looking to fund a new £3m Advanced Construction and Engineering centre at the College, with 2021/22 likely to be the planning and commissioning year for this project. Finally, the College is committed to bidding as part of the Government's Institute of Technology plans.

The pandemic continues to have implications for the College. Its impact on certain funding streams, such as lettings, adult leisure provision and income from restaurants, sports facilities and salons is on-going. However, the College continues to adapt to ensure that it can respond to the challenges posed by the COVID-19 situation. This includes supporting specific initiatives locally to retrain people in particular industries and support businesses to engage with national initiatives such as the Kickstart scheme. Indeed, some opportunities have arisen from the national and regional focus on the economic impact of the pandemic and the College has been proactive in seeking to support the community that it serves.

At a national level, 2020/21 is likely to see the publication of a White Paper for Further Education and possibly one also for Higher Education. Both will be very important in providing the wider framework for the College to operate within for the coming years.

### Challenges for the next 12 months

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

- Continuing our response to the pandemic;
- Ensuring that the College is well placed to demonstrate the high-quality provision it delivers across all sites to inspectorates (Ofsted / CQC) and regulatory bodies (Office for Students)
- Maximising the benefits of the Easton merger on the planning and delivery of curriculum and the development of industry relevant land based provision;
- Building on the successful delivery of the new T levels and growing the range of pathways on offer;
- Delivering a large capital programme of works within constrained timeframes against a backdrop of the pandemic.
- Responding to the needs of our local community and region to support economic recovery

### Principal Risks and Uncertainties:

The College has continued work during the 2019/20 year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

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.

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A risk register is maintained at College level which is reviewed regularly by the Audit 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. This swiftly enabled strong discussion on key areas of concerns and challenges and scrutiny of the proposed mitigations and actions.

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**

The COVID-19 pandemic continues to provide a challenging and unpredictable backdrop to all key college activities. Impacts range for the additional costs of implementing the evolving control measures required to maintain safe operation, through to some cost savings from reduced travel for example.

Colleges are somewhat caught between the Governments strong focus on maintaining school provision (to age 16 primarily) and the challenges associated with the relatively high transmission rates amongst the 16-25 age groups which Colleges primarily serve. Continued regular review of the risk register, including the COVID-19 specific risk, enables the senior team and the Governors to be assured that the risks are mitigated.

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. See Note 28 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 next 3 years.

In relation to the Teachers' Pension Scheme, the national employer contribution rates increased by c44% in 2019/20 to 23.68%. This rate continues to be applied for 2020/21. Given the significance of this increase the College and the wider sector are hoping that central Government will be funding this increase through the next Comprehensive Spending Review which is due to conclude imminently.

### 3. Lack of Capital Investment

Whilst it has been outlined earlier that 2020/21 marks a year of considerable capital investment for the college, it remains the case that there is a lack of regular and recurring capital funding available. This makes the routine maintenance and improvement of the capital estate a continued challenge as the tying of capital funding to “bidding rounds” hinders medium and long term planning and favours large scale projects over the necessary upkeep and smaller scale refurbishments required to maintain the College’s extensive estate. The announcement of the Further Education Capital Allocation is a positive start to the forecast investment of £1.5bn in the national FE estate.

### Stakeholder Relationships

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

- Students;
- Education Sector Funding bodies;
- Staff;
- Parents/Carers;
- Local employers (with specific links);
- 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, regular meetings are scheduled with local authority colleagues, to ensure that the College continues to play the central role in the work of the County and region.

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 steering group and has recently been asked to join the Executive Group of neaco.

## City College Norwich

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.

The College Executive Team continues to perform a number of formal roles at a national level to ensure the College is well engaged with influencing national policy. The Principal is a member of the Association of College's (AoC) Board and the Principal, Deputy Principal and Director of SEN and Nursery all sit on national AoC policy groups. There are a number of additional engagements via awarding organisations and other sector bodies such as the Mixed Economy Group in which College staff play a formal and active role.

### **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.



## City College Norwich

For period 1 April 2019 to 31 March 2020:

Relevant Union Officials:

Number of employees who were relevant union officials during the relevant period.	Full-time equivalent employee number of representatives.
1	1

Percentage of Time Spent on Facility Time:

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

Percentage of Pay Bill Spent on Facility Time:

<i>Total cost of facility time</i>	£3,418.52
<i>Total pay bill</i>	£5,257,551
<i>Percentage of total pay bill spent on facility time.</i>	0.065%.

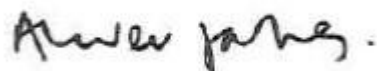
Paid trade union activities:

<i>Total facilities time</i>	156
<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 19 January 2021 and signed on its behalf by**



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**Andrew Barnes**

**Chairman 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 2019 to 31st July 2020 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 2020. This opinion is based on an 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 2019/20 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

### 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 2019/20
Mr J Barnard	26/11/2019	4 Years		General	B	10/15
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	16/16
Mr N Bartram	06/02/2018	4 years		General	A, B, R	15/16
Dr A Blanchflower	06/10/2015 Re-appointed 07/10/2019	4 years		General	CS	13/16
Ms S Gray	26/11/2019	4 years		General	CS	2/15
Ms N Gray	22/05/2014 Re-appointed 10/07/2018	4 years		General	CS	10/16
Ms J Lanning	07/07/2015 Re-appointed 08/07/2019	4 years		General	Vice-Chair of Corporation; Chair of CS, R	15/16
Mr A Little	17/12/2019	1 year	01/04/2020	FE Student Representative	B, CS	0/3
Ms C Peasgood	03/09/2012			Principal from 03/09/2012 Principal/ CEO from 01/11/2013	B, CS	16/16
Mr P Richardson	17/03/2020	2 year		General	A	10/12
Ms B. Sherwood	06/10/2015 Re-appointed 07/10/2019	4 years		General	Chair of A, Chair of R	9/16
Ms E Staley	01/07/2019 Re-appointed 07/07/2020	1 year	Extended until 31/12/2020	Student Union Representative	B, CS	12/16
Ms D Troughton	20/03/2018	4 years		General	B	10/16
Mr I Webb	30/05/2012 Re-appointed 30/05/2016	4 years	08/10/2019	General	B	0/0

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

## City College Norwich

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

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

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

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

There is a clear division of responsibility in that the roles of the Chairman of the Corporation and the Principal of the College are separate.

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 2019/20 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 Clerk to the Corporation at:

City College Norwich  
Thetford Building  
Ipswich Road  
Norwich  
NR2 2LJ

During 2019/20 the original schedule of business and calendar of Board and committee meetings took place until the end of February 2020. Due to the impact of the COVID-19 pandemic from March 2020 onwards all committee meetings (with the exception of Remuneration) were put on hold and fortnightly Board meetings were commenced through to early September 2020. In March 2020 an alternative schedule of business was agreed by the Corporation. From September 2020 onwards the standard schedule of business for 2020/21 was commenced with additional board meetings scheduled.

These meetings have been held via Skype and Teams and attendance has been excellent. Feedback from Governors in the Governance Self-Assessment for 2019/20 has been extremely positive in regard to the management of Governance during the COVID-19 pandemic.

## City College Norwich

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation, acting in collaboration with Transforming Education in Norfolk, the Parent Undertaking of the Corporation under the Instrument & Articles of Government. The Corporation's Business Committee includes a search function and is responsible for monitoring Corporation membership and recommending any new member for the Parent Undertaking's consideration of appointment. 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.

### Audit and Risk Committee

In 2019/20, the Audit and Risk Committee comprised of four members, with two vacancies (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 monitor 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, in conjunction with Transforming Education in Norfolk (TEN) Group policy in this area, and their remuneration for both audit and non-audit work.

Meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Bree Sherwood (Chair)	1	1
Philip Richardson	0	0
Andrea Blanchflower (co-opted)	1	1
Jill Lanning (co-opted)	1	1

Due to the impact of the Coronavirus pandemic only one of the three scheduled Audit and Risk committee meetings was able to take place. An interim proposal for Governance was approved in March 2020 taking into consideration key items for review for the remainder of the academic year, including matters of the Audit and Risk committees' remit.

## City College Norwich

### Business Committee

In 2019/20, the Business Committee comprised of seven members, with one vacancy (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 2020 are set out in note 9 of the financial statements. Meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Andrew Barnes (Chair)	3	3
Emily Staley	1	3
Corrienne Peasgood	3	3
Denise Troughton	1	3
Ian Webb	1	1
Noel Bartram	3	3
Jonathan Barnard	2	2

Due to the impact of the Coronavirus pandemic only three of the six scheduled Business committee meetings were able to take place. An interim proposal for Governance was approved in March 2020 taking into consideration key items for review for the remainder of the academic year, including matters of the Business committees' remit.

### Curriculum & Standards Committee

In 2019/20, the Curriculum and Standards Committee comprised of eight members (including co-opted members as necessary). 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.

Meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Andrea Blanchflower	3	3
Jill Lanning (Chair)	3	3
Corrienne Peasgood	3	3
Emily Staley	2	3
Aiden Little	0	1
Nikki Gray	0	0
Sophie Gray	2	2
Aron Whiles (co-opted)	3	3

Due to the impact of the Coronavirus pandemic only three of the six scheduled Curriculum and Standards committee meetings was able to take place. An interim proposal for Governance was approved in March 2020 taking into consideration key items for review for the remainder of the academic year, including matters of the Curriculum and Standards committees' remit.

## City College Norwich

### Remuneration Committee

In 2019/20, 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.

Meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Bree Sherwood	3	3
Andrew Barnes	3	3
Jill Lanning	3	3
Noel Bartram	3	3

All scheduled meetings for the Remuneration committee were able to take place in addition to the interim schedule of business put into place from March 2020.

### Additional Governance Meetings

For 2019/20, 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 and Performance-Related Pay in City College Norwich ceased from the academic year 2018/19 following approval of the Board.

During 2018/19 and 2019/20, Governors were involved in the preparation of the merger with Easton and Otley College by attending various meetings with the Governors and Principals of City College Norwich, Easton and Otley College, Suffolk New College and the NES Managing Director.

From May to December 2019, Governors (Noel Bartram, Andrew Barnes, Jill Lanning, and Andrea Blanchflower) met fortnightly at the CCN Governor Easton Merger Group meetings. All matters relating to the proposed merger were reviewed within the scheduled Board meetings.

### 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.

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 2020 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 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### The risk and control framework

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.



## **City College Norwich**

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 developed. This is routinely reviewed by the College Leadership Team and College Governors and has also recently 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.

### **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.

## City College Norwich

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 TEN portal 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 2019/20, 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 .

### Internal control weaknesses

There are no significant internal control weaknesses that have been identified during 2019/20 and up to the date of the signing of the annual report and accounts 2019/20.

### 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 2019/20 and up to the date of the approval of the financial statements are:

- Review of compliance with the Code of Good Governance for English Colleges;
- Review of risk management – this has been a high priority area and an update has been provided at every meeting;
- Review of the work of internal audit (Scrutton Bland). The Committee reviewed reports and recommendations from the six reviews undertaken by internal audit during 2019/20. Reviews were undertaken in the following areas:
  - Employer Satisfaction;
  - Lecturer Deployment;
  - Capital Projects;
  - COVID 19 Risk Management;
  - Residential Provision; and
  - Follow up of previous recommendations.

## City College Norwich

Two reviews received reasonable assurance, three significant assurance and good progress was had been made on the follow-up review. There were no high risk recommendations and only 1 medium risk recommendation made.

- Review of the Internal Audit Annual Report 2019/20 which included the Head of Internal Audit's opinion that 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 (KPMG). This included unqualified/unmodified audit and regularity opinions for the Group and College. In addition, no significant control weaknesses were identified.

In providing its annual report, the Committee also took into account the results of the internal audit reviews undertaken within Norfolk Educational Services (who provide support services, including finance, to the College). Two reviews relevant to the College were performed in relation to staff recruitment and retention and payroll. Strong assurance was provided on both reviews and good 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.

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.

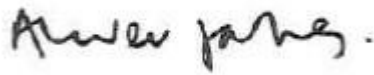
The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the executive management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation carried out the annual assessment for the year ended 31 July 2020 during November 2020 and January 2021 considering documentation from the senior management team and internal audit, feedback received from all members of the Corporation and taking account of events since 31 July 2020. The Corporation Self-Assessment feeds into the Colleges SAR consequently supporting our Ofsted judgements. The results of the report will be considered, in conjunction with the annual report, by the Board at its meeting on 19 January 2021.

## City College Norwich

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 19 January 2021, and signed on its behalf by:**



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**Andrew Barnes**  
**Chairman of the Corporation**



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**Corrienne Peasgood**  
**Principal**

## City College Norwich

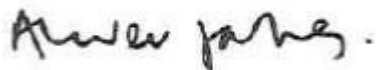
### **Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding**

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.

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 19 January 2021, and signed on its behalf by:**



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**Andrew Barnes**  
**Chairman of the Corporation**



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**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 for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2019 to 2020* issued by the ESFA, 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.

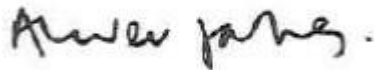
The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the parent College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and 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. 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 are not put at risk.

**Approved by order of the members of the Corporation on 19 January 2021 and signed on its behalf by:**



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**Andrew Barnes  
Chairman of the Corporation**

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

**Opinion**

We have audited the financial statements of City College Norwich ("the College") for the year ended 31 July 2020 which comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statements of Changes in Reserves, Consolidated and College Balance Sheet, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2020, and of the Group's and the College's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.*
- Meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the OfS Accounts Direction').

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The Corporation has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the College or to cease their operations, and as it has concluded that the Group and the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Corporation's conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and College's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the College will continue in operation.



### **Other information**

The Corporation is responsible for the other information, which comprises the Operating and Financial Review Report and the Corporation's statement of corporate governance and internal control. 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 conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### **Matters on which we are required to report by exception**

Under the Post-16 Audit Code of Practice 2019 to 2020 (July 2020) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Corporation's responsibilities**

As explained more fully in their statement set out on page 32, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent 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 it either intends to liquidate the group or the parent College or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## City College Norwich

### Report on other legal and regulatory requirements

We are required to report on the following matters by the OfS Accounts Direction.

In our opinion, in all material respects:

- Funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- Income has been applied in accordance with the articles of government and
- Funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

### Matters on which we are required to report by exception

We are required by the OfS Accounts Direction to report to you where the College has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the College's expenditure on access and participation activities for the financial year disclosed in Note 10a has been materially misstated.

We are also required by the OfS Accounts Direction to report to you where the results of our audit work indicate that the Group's and the College's grant and fee income, as disclosed in note 2a to the financial statements has been materially misstated.

We have nothing to report in these respects.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Corporation, 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 for our audit work, for this report, or for the opinions we have formed.



**Mark Dawson**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snowhill Queensway  
Birmingham B64 6GH  
United Kingdom

Date: 29 January 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 ESFA 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 City College Norwich during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA or devolved authority 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 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. 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 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Post-16 Audit Code of Practice issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

## City College Norwich

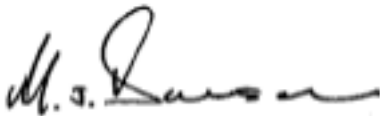
The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Mark Dawson**

**For and on behalf of KPMG LLP, Reporting Accountant**

One Snowhill  
Snowhill Queensway  
Birmingham B64 6GH

Date: 29 January 2021

## City College Norwich

### Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College	Year ended 31 July 2019 Group	Year ended 31 July 2019 College £000
<b>INCOME</b>					
Funding body grants	2	37,292	37,292	31,234	31,234
Tuition fees and education contracts	3	6,851	6,851	6,472	6,472
Other grants and contracts	4	574	565	293	293
Other income	5	1,726	1,784	1,784	1,784
Investment income	6	14	14	20	20
Fair value of net assets of Easton College	8	22,690	17,371	-	-
<b>Total Income</b>		<b>69,147</b>	<b>63,877</b>	<b>39,803</b>	<b>39,803</b>
<b>EXPENDITURE</b>					
Staff costs	9	34,320	34,291	29,955	29,955
Other operating expenses	10	9,983	10,024	8,961	8,961
Depreciation	13	2,180	2,094	1,359	1,359
Interest and other finance costs	11	798	798	583	583
<b>Total Expenditure</b>		<b>47,281</b>	<b>47,207</b>	<b>40,858</b>	<b>40,858</b>
<b>Surplus / (Deficit) before other gains and losses</b>		<b>21,866</b>	<b>16,670</b>	<b>(1,055)</b>	<b>(1,055)</b>
<b>Surplus / (Deficit) before tax</b>		<b>21,866</b>	<b>16,670</b>	<b>(1,055)</b>	<b>(1,055)</b>
Taxation	12	-	-	-	-
<b>Surplus / (Deficit) for the year</b>		<b>21,866</b>	<b>16,670</b>	<b>(1,055)</b>	<b>(1,055)</b>
Restricted reserve expenditure		(4)	(4)	(1)	(1)
Actuarial (loss) in respect of pensions schemes	28	(13,909)	(13,909)	(5,865)	(5,865)
Actuarial impact of Easton staff transferring to CCN	28	933	933	-	-
<b>Total Comprehensive Income for the year</b>		<b>8,886</b>	<b>3,690</b>	<b>(6,921)</b>	<b>(6,921)</b>
<b>Represented by:</b>					
<b>Unrestricted comprehensive income</b>		<b>8,890</b>	<b>3,694</b>	<b>(6,920)</b>	<b>(6,920)</b>
<b>Restricted comprehensive income</b>		<b>(4)</b>	<b>(4)</b>	<b>(1)</b>	<b>(1)</b>
		<b>8,886</b>	<b>3,690</b>	<b>(6,921)</b>	<b>(6,921)</b>

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

The notes on pages 41 to 76 form part of the financial statements.

**City College Norwich**

**Consolidated Statement of Changes in Reserves**

	Income and Expenditure account	Restricted reserve	Revaluation reserve	Total
	£000	£000	£000	£000
<b>Balance at 1 August 2018</b>	(5,951)	105	7,513	1,667
Deficit from the income and expenditure account	(1,055)	-	-	(1,055)
Other comprehensive income / (expenditure)	(5,865)	(1)	-	(5,866)
Transfers between revaluation and income and expenditure reserves	195	-	(195)	-
	<u>(12,676)</u>	<u>104</u>	<u>7,318</u>	<u>(5,254)</u>
<b>Balance at 31 July 2019</b>	<b>(12,676)</b>	<b>104</b>	<b>7,318</b>	<b>(5,254)</b>
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)	-
<b>Total comprehensive income for the year</b>	<u>9,086</u>	<u>(4)</u>	<u>(196)</u>	<u>8,886</u>
<b>Balance at 31 July 2020</b>	<u><b>(3,590)</b></u>	<u><b>100</b></u>	<u><b>7,122</b></u>	<u><b>3,632</b></u>

The notes on pages 41 to 76 form part of the financial statements.

**City College Norwich**

**College Statement of Changes in Reserves**

	Income and Expenditure account	Restricted reserve	Revaluation reserve	Total
	£000	£000	£000	£000
<b>Balance at 1 August 2018</b>	(5,951)	105	7,513	1,667
Deficit from the income and expenditure account	(1,055)	-	-	(1,055)
Other comprehensive income / (expenditure)	(5,865)	(1)	-	(5,866)
Transfers between revaluation and income and expenditure reserves	195	-	(195)	-
	<u><b>(12,676)</b></u>	<u><b>104</b></u>	<u><b>7,318</b></u>	<u><b>(5,254)</b></u>
<b>Balance at 31 July 2019</b>	<b>(12,676)</b>	<b>104</b>	<b>7,318</b>	<b>(5,254)</b>
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)	-
<b>Total comprehensive income for the year</b>	<u>3,890</u>	<u>(4)</u>	<u>(196)</u>	<u>3,690</u>
<b>Balance at 31 July 2020</b>	<u><b>(8,786)</b></u>	<u><b>100</b></u>	<u><b>7,122</b></u>	<u><b>(1,564)</b></u>

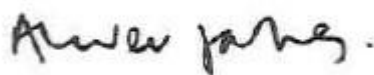
The notes on pages 41 to 76 form part of the financial statements.

# City College Norwich

## Consolidated and College Balance Sheet

	Notes	As at 31 July 2020 Group £000	As at 31 July 2020 College £000	As at 31 July 2019 Group £000	As at 31 July 2019 College £000
<b>Non-Current Assets</b>					
Tangible fixed assets	13	65,840	60,662	28,025	28,025
Investments	14	744	744	2	2
Long term debtor	15	4,277	4,277	-	-
		<b>70,861</b>	<b>65,683</b>	<b>28,027</b>	<b>28,027</b>
<b>Current assets</b>					
Stock	16	151	151	-	-
Trade and other receivables	17	2,397	2,398	2,023	2,023
Cash and cash equivalents	23	10,360	10,324	7,053	7,053
		<b>12,908</b>	<b>12,873</b>	<b>9,076</b>	<b>9,076</b>
<b>Less: Creditors – amounts falling due within one year</b>	18	(6,023)	(6,006)	(3,991)	(3,991)
<b>Net current assets</b>		<b>6,885</b>	<b>6,867</b>	<b>5,085</b>	<b>5,085</b>
<b>Total assets less current liabilities</b>		<b>77,746</b>	<b>72,550</b>	<b>33,112</b>	<b>33,112</b>
Less: Creditors – amounts falling due after more than one year	19	(22,980)	(22,980)	(10,491)	(10,491)
<b>Provisions</b>					
Defined benefit obligations	22, 28	(47,394)	(47,394)	(24,183)	(24,183)
Other provisions	22	(3,740)	(3,740)	(3,692)	(3,692)
<b>Total net assets/(liabilities)</b>		<b>3,632</b>	<b>(1,564)</b>	<b>(5,254)</b>	<b>(5,254)</b>
<b>Restricted Reserves</b>	21	<b>100</b>	<b>100</b>	<b>104</b>	<b>104</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		(3,590)	(8,786)	(12,676)	(12,676)
Revaluation reserve		7,122	7,122	7,318	7,318
<b>Total reserves</b>		<b>3,632</b>	<b>(1,564)</b>	<b>(5,254)</b>	<b>(5,254)</b>

The financial statements on pages 36 to 76 were approved and authorised for issue by the Corporation on 19 January 2020 and were signed on its behalf on that date by:



**Andrew Barnes**  
Chair



**Corrienne Peasgood**  
Accounting Officer

The notes on pages 41 to 76 form part of the financial statements.



## City College Norwich

### Consolidated Statement of Cash Flows for the year ended 31 July 2020

	Notes	2020 Group £000	2020 College £000	2019 Group £000	2019 College £000
<b>Cash flow from operating activities</b>					
(Deficit) / Surplus for the year		21,866	16,670	(1,055)	(1,055)
<b>Adjustment for non-cash items</b>					
Depreciation	13	2,180	2,094	1,359	1,359
(Increase) in investments		(742)	(742)	-	-
(Increase) in pension reimbursement asset		(4,277)	(4,277)	-	-
(Increase) in stock		(151)	(151)	-	-
(Increase) in debtors		(374)	(375)	(331)	(331)
Increase / (Decrease) in creditors due within one year		1,910	1,893	(423)	(423)
Increase in creditors due after one year		10,051	10,051	114	114
Increase in provisions		48	48	53	53
(Decrease) in restricted reserves	21	(4)	(4)	(1)	(1)
Pensions costs less contributions payable	28	1,877	1,877	1,346	1,346
Defined benefit obligation - Easton	8	8,358	8,358	-	-
Fixed assets adjustment - Easton	8, 13	(38,997)	(33,733)	-	-
Taxation		-	-	-	-
<b>Adjustment for investing or financing activities</b>					
Investment income	6	(14)	(14)	(20)	(20)
Interest payable	11	166	166	77	77
Taxation Paid		-	-	-	-
<b>Net cash flow from operating activities</b>		<b>1,897</b>	<b>1,861</b>	<b>1,119</b>	<b>1,119</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of fixed assets		-	-	-	-
Investment income		14	14	20	20
Payments made to acquire fixed assets		(964)	(964)	(707)	(707)
		(950)	(950)	(687)	(687)
<b>Cash flows from financing activities</b>					
Interest paid		(166)	(166)	(77)	(77)
New unsecured loans		2,872	2,872	-	-
Repayments of amounts borrowed		(346)	(346)	(241)	(241)
		2,360	2,360	(318)	(318)
<b>Increase in cash and cash equivalents in the year</b>		<b>3,307</b>	<b>3,271</b>	<b>114</b>	<b>114</b>
Cash and cash equivalents at beginning of the year	23	7,053	7,053	6,939	6,939
Cash and cash equivalents at end of the year	23	10,360	10,324	7,053	7,053

The notes on pages 41 to 76 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 2019 to 2020 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.

Norfolk Educational Services (NES) is not consolidated within the Corporation's group accounts in accordance with FRS 102 section 9, as, despite the Corporation's 51% shareholding, it does not have majority control over appointments to NES Board.

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, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, 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 20/21 has an operating surplus of £104k and the emerging picture as at 30 November 2020 is showing an operating surplus of £273k;
- Forecast cash at 31 July 2021 is £9,874k (£9.9m) and forecast as at 31 Dec 2021 is £11,444k (£11.4m). Based on average monthly pay and non-payroll commitments of c£4m this produces cash days of 74 and 85 respectively;
- Cashflow forecasts include full capital commitments for FECA (awarded £1.75m grant from the DfE) and Digitech (overall £11.4m build with a net cash contribution from the College of £3m); and
- Bank loans totalled c£4.5m at 31 July 2020 - this represents less than 9% of total income and is a low gearing level for the sector (sector average is c25%). Servicing the debt (principal and interest) is £555k 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 2021:

- The 16-18 student number for the R04 ILR return for 2020 (which drives the funding allocation for 2021/22) is showing students numbers (5666) in line with the College's funded number for this year (5600). As a result, the College has assurance over c£30m/60% of our income for 2021/22;
- Apprenticeship forecast outturn for 2020/21 is £4.9m against a budget of £4.7m. We are forecasting a similar level for 2021/22;
- The adult education budget is £1.7m which reflects the full contract value. The budget 2021/22 has been held at the same level, no growth has been assumed;
- Adult learner support top up monies from Norfolk CC is forecast at £1.725m in 2020/21 and in 2021/22;
- HE/commercial income forecast was reduced in our emerging picture for 2020/21 (from a budget of £7.2m to £6.5m – 10% drop). No income growth has been built into this forecast for the new policing degree that is being launched in partnership with UEA. The forecast for 2021/22 remains at this lower level with no income growth built into 2021/22;
- Commercial/misc. income – has been forecast for 2020/21 at £1.9m – a reduction of c£1.1m on pre-COVID 19 levels across all three campuses. For 2021/22, the Group has forecast £2.5m income which assumes a vaccine will be in place and 'normal business' will largely be in operation;
- Payroll (including support services from NES) is £35m which is 69% of total income and in line with sector average. No pay award has been forecast – a consolidated 1% cost of living award (the level previously awarded) would add c£350k additional cost to the payroll. We have assumed that the overall payroll will remain in line with 2021/22;
- Non-payroll expenditure, excluding depreciation and irrecoverable VAT, is c£12m. The Group aims to combat the impact of inflation in all purchasing but 2% CPI would be a cost pressure of c£240k. We have assumed that the overall non-payroll will remain in line with 2021/22; and
- COVID 19 costs – the additional costs, over and above the Group's original budget, as a result of COVID 19 (items such as PPE/Cleaning/Catering losses etc) have been quantified at £330k for 2020/21.

**Statement of accounting policies (cont'd)**

Consequently, 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.

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.

**Statement of accounting policies (cont'd)**

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.

**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 28.

**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.

**Statement of accounting policies (cont'd)**

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.

**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.

**Statement of accounting policies (cont'd)**

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.

**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.

**Statement of accounting policies (cont'd)**

**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.

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 22.

**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 31 except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant (3% for the HE Learner Support funds). The College employs 1.28 FTE members of staff dedicated to 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:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine of 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.



**Statement of accounting policies (cont'd)**

*Other key sources of estimation uncertainty (cont'd)*

The Easton campus land and buildings assets acquired as a result of the merger have been valued as at 1 January 2020 (the point of merger) by an external professional valuer – Savills. The basis of valuation was either on depreciated replacement cost (DRC) or market value. In providing their DRC valuation, the valuers take into account a number of factors including estimating the gross replacement cost of a modern equivalent of each building, making adjustments for depreciation to reflect the age of the buildings and estimating land values based on similar use. In relation to market valuations, the valuers make an estimation with reference to the sale of similar properties in the locality and make adjustments for differences such as location, situation, appearance, size and condition, before arriving at an appropriate opinion of value.

- *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 28, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 28.*
- *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 5% for debts greater than 1 year; and
- Where there are indicators of non-recoverability; we will provide on an individual basis. \*\*

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

\*\* Following a review of all individual student loan company debts, we have changed (during 2019-20) the level of the provision for older debts (previously provided at 50% for pre 2015 debts). This is a change in estimation technique not a change in accounting policy and reflects the likely recoverability on these debts.

## City College Norwich

### 2 Funding council grants

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	1,858	1,858	1,610	1,610
Education and Skills Funding Agency - 16-18	25,516	25,516	22,299	22,299
Education and Skills Funding Agency - apprenticeships	4,972	4,972	4,078	4,078
Local Authority	1,920	1,920	1,646	1,646
Office for students (OfS)	435	435	434	434
<b>Specific Grants</b>				
Education and Skills Funding Agency	970	970	870	870
Teacher Pension Scheme contribution grant	840	840	-	-
Releases of government capital grants	781	781	297	297
<b>Total</b>	<b>37,292</b>	<b>37,292</b>	<b>31,234</b>	<b>31,234</b>

#### 2a Analysis of OfS income – Group and College

	Year ended 31 July 2020 College £000	Year ended 31 July 2019 College £000
Grant income from Office for Students *	435	434
Grant income from other bodies	-	-
Fee income for taught awards (exclusive of VAT)	4,165	4,074
Fee income for research awards (inclusive of VAT)	-	-
Fee income for non-qualifying courses	-	-
	<b>4,600</b>	<b>4,508</b>

\* Income includes amounts received indirectly from OfS (ie 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.

## City College Norwich

### 3 Tuition fees and education contracts

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Adult education fees	306	306	120	120
Apprenticeship fees and contracts	119	119	114	114
Fees for FE loan supported courses	504	504	718	718
HE Fees (including higher apprenticeships)	4,165	4,165	4,074	4,074
Full cost provision	1,693	1,693	1,412	1,412
<b>Total tuition fees</b>	<b>6,787</b>	<b>6,787</b>	<b>6,438</b>	<b>6,438</b>
Education contracts	64	64	34	34
<b>Total</b>	<b>6,851</b>	<b>6,851</b>	<b>6,472</b>	<b>6,472</b>

### 4 Other grants and contracts

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Coronavirus Job Retention Scheme Grant *	43	34	-	-
Other grants and contracts	531	531	293	293
<b>Total</b>	<b>574</b>	<b>565</b>	<b>293</b>	<b>293</b>

\* The Corporation furloughed 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

### 5 Other income

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Catering and residences	667	667	797	797
Farming activities	77	77	-	-
Sports and leisure	106	95	-	-
Other income generating activities	341	341	417	417
Miscellaneous income	535	604	570	570
<b>Total</b>	<b>1,726</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>

### 6 Investment income

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Other interest receivable	14	14	20	20
<b>Total</b>	<b>14</b>	<b>14</b>	<b>20</b>	<b>20</b>

### 7 Donations

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Unrestricted donations	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## City College Norwich

### 8 Fair value of net assets of Easton College

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Fair value of the net assets of Easton	22,690	17,371	-	-

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.

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 has included these net assets within its Balance Sheet (Group and College) at fair value. A reconciliation between the net book value of the assets transferred and the fair value of these assets 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 at point of dissolution	1	11,769	10,866
Fair value adjustment - tangible fixed assets	2	17,663	13,247
Pension Asset Reimbursement	3	4,277	4,277
Reinstatement of Deferred Capital Grant	4	(11,019)	(11,019)
<b>Total</b>		<b>22,690</b>	<b>17,371</b>

- The net book value of the assets attributable to the Easton campus of Easton and Otley College is shown on the following page. In addition, the table shows the final net assets of Easton and Otley College – these were split in accordance with the merger agreements between City College Norwich and Suffolk New College.
- 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 has been recognised – further information on this has been included within note 15.
- An adjustment has been made to align accounting treatment with the accounting policy adopted by the College in relation to Deferred Capital Grants. This has resulted in £11,019k of deferred capital grant being reinstated on to the College's Balance Sheet and will be released to income in future years over the useful economic life of the related asset to which the grant relates.

## City College Norwich

### 8 Fair Value of net assets of Easton College

The net book value of the net assets of Easton at point of dissolution is shown below.

#### Net assets at the point of transfer

	Easton and Otley College Net Assets at dissolution			Net assets attributable to Easton Campus	
	Year ended 31 December 2020 Group £000	Year ended 31 December 2020 College £000	Year ended 31 December 2020 Easton Enterprises £000	Year ended 31 December 2020 Group £000	Year ended 31 December 2020 College £000
<b>Fixed Assets</b>					
Tangible fixed assets	32,702	31,854	848	21,334	20,486
Investments in joint venture	709	709	-	709	709
	<b>33,411</b>	<b>32,563</b>	<b>848</b>	<b>22,043</b>	<b>21,195</b>
<b>Current Assets</b>					
Stock	174	173	1	126	125
Trade and other receivables	1,905	1,885	20	1,575	1,555
Investments	11	11	-	7	7
Cash and cash equivalents	2,414	2,375	39	1,591	1,552
	<b>4,504</b>	<b>4,444</b>	<b>60</b>	<b>3,299</b>	<b>3,239</b>
<b>Less: Creditors – amounts falling due within one year</b>	<b>(7,280)</b>	<b>(7,275)</b>	<b>(5)</b>	<b>(5,137)</b>	<b>(5,132)</b>
<b>Net current assets</b>	<b>(2,776)</b>	<b>(2,831)</b>	<b>55</b>	<b>(1,838)</b>	<b>(1,893)</b>
<b>Total assets less current liabilities</b>	<b>30,635</b>	<b>29,732</b>	<b>903</b>	<b>20,205</b>	<b>19,302</b>
Less: Creditors – amounts falling after more than one year	(78)	(78)	-	(78)	(78)
<b>Provisions</b>					
Defined benefit obligations	(13,266)	(13,266)	-	(8,358)	(8,358)
Other Provisions	(197)	(197)	-	-	-
<b>Total Net Assets</b>	<b>17,094</b>	<b>16,191</b>	<b>903</b>	<b>11,769</b>	<b>10,866</b>
<b>Unrestricted reserves</b>					
Income and expenditure account	17,094	16,191	903	11,769	10,866
<b>Total Unrestricted Reserves</b>	<b>17,094</b>	<b>16,191</b>	<b>903</b>	<b>11,769</b>	<b>10,866</b>

## City College Norwich

### 9 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:

	<b>2020</b>	<b>2019</b> <b>(revised) *</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	407	360
Non teaching staff	460	402
	<b>867</b>	<b>762</b>

\* The comparatives for 2019 have been restated from full time equivalents basis to that of headcount in line with the College Accounts Direction.

#### Staff costs for the above persons

	<b>Year ended 31 July 2020 Group £000</b>	<b>Year ended 31 July 2020 College £000</b>	<b>Year ended 31 July 2019 Group £000</b>	<b>Year ended 31 July 2019 College £000</b>
Wages and salaries	19,938	19,913	17,649	17,649
Social security costs	1,754	1,752	1,549	1,549
Other pension costs	5,789	5,787	4,131	4,131
<b>Payroll sub total</b>	<b>27,481</b>	<b>27,452</b>	<b>23,329</b>	<b>23,329</b>
Contracted out staffing services	6,839	6,839	6,626	6,626
Restructuring costs	-	-	-	-
	<b>34,320</b>	<b>34,291</b>	<b>29,955</b>	<b>29,955</b>

#### 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.

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	4	5

## City College Norwich

### 9 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	
	2020 No.	2019 No.	2020 No.	2019 No.
£60,001 to £65,000	1	2	2	-
£70,001 to £75,000	1	1	-	-
£80,001 to £85,000	-	-	-	-
£85,001 to £90,000	1	-	-	-
£90,001 to £95,000	-	1	-	-
£150,000 to £155,000	1	1	-	-
	<u>4</u>	<u>5</u>	<u>2</u>	<u>-</u>

Key management personnel emoluments are made up as follows:

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Basic Salary	358	354
Performance related pay and bonus	-	10
Benefits in kind	-	-
	<u>358</u>	<u>364</u>
Pension contributions	<u>81</u>	<u>61</u>
<b>Total emoluments</b>	<u><b>439</b></u>	<u><b>425</b></u>

\* Amounts payable for performance related pay and bonus were awarded based on prior year basic salary. 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

### 9 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 2020 £000	Year ended 31 July 2019 £000
Basic Salary	151	144
Performance related pay and bonus *	-	7
Benefits in kind	-	-
	<hr/>	<hr/>
	151	151
	<hr/>	<hr/>
Pension contributions	35	25
	<hr/>	<hr/>

\* Amounts payable for performance related pay and bonus were awarded based on prior year basic salary. 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 2020	Year ended 31 July 2019
Accounting Officer's basic salary as a multiple of the median of all staff (see 1 below)	6.0	5.8
Accounting Officer's total remuneration as a multiple of the median of all staff (see 2 below)	6.1	5.9

#### 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).

## City College Norwich

### 10 Other operating expenses

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Teaching costs	2,159	2,159	2,320	2,320
Non teaching costs	5,124	5,110	4,188	4,188
Premises costs	2,700	2,755	2,453	2,453
<b>Total</b>	<b>9,983</b>	<b>10,024</b>	<b>8,961</b>	<b>8,961</b>

#### Other operating expenses include:

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Auditors' remuneration:				
Financial statements audit	85	81	34	34
Other services provided by the financial statements auditors (for certification of grant claims)	10	6	-	-
Internal Audit fees	16	16	14	14
Hire of assets under operating leases	332	332	291	291

### 10a Access and participation spending

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Access investment	157	157	-	-
Financial support to students	-	-	-	-
Disability support	-	-	-	-
Research and evaluation (relating to access and participation)	-	-	-	-
<b>Total</b>	<b>157</b>	<b>157</b>	<b>-</b>	<b>-</b>

## City College Norwich

### 10a Access and participation spending (continued)

With the above, staff costs amount to £155k and are already included within note 9 on staff costs. The College's (and Easton and Otley College's) published access and participation plan can be found on the following links:

<https://www.ccn.ac.uk/assets/page-downloads/Student-Information/HE/Access-and-Participation-Plan-201920.pdf>

[https://www.easton.ac.uk/assets/page-downloads/Student-Information/HE/eastonandotleycollege\\_app\\_2019-20\\_v1\\_10037344.pdf](https://www.easton.ac.uk/assets/page-downloads/Student-Information/HE/eastonandotleycollege_app_2019-20_v1_10037344.pdf)

### 11 Interest payable - Group and College

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
On bank loans, overdrafts and other loans:	166	77
	<u>166</u>	<u>77</u>
Pension finance costs (note 26)	612	486
Pension finance costs (NES)	20	20
	<u>20</u>	<u>20</u>
<b>Total</b>	<b><u>798</u></b>	<b><u>583</u></b>

### 12 Taxation

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

### 13 Tangible fixed assets

#### Group

	Land & Buildings - Freehold £000	Equipment £000	Assets in the course of construction £000	£000
<b>Cost or valuation</b>				
At 1 August 2019	44,099	14,077	342	58,518
Additions	38,763	616	616	39,995
Disposals	-	-	-	-
<b>At 31 July 2020</b>	<b><u>82,862</u></b>	<b><u>14,693</u></b>	<b><u>958</u></b>	<b><u>98,513</u></b>
<b>Depreciation</b>				
At 1 August 2019	(18,283)	(12,210)	-	(30,493)
Charge for the year	(1,437)	(743)	-	(2,180)
Elimination in respect of disposals	-	-	-	-
<b>At 31 July 2020</b>	<b><u>(19,720)</u></b>	<b><u>(12,953)</u></b>	<b><u>-</u></b>	<b><u>(32,673)</u></b>
<b>Net book value at 31 July 2020</b>	<b><u>63,142</u></b>	<b><u>1,740</u></b>	<b><u>958</u></b>	<b><u>65,840</u></b>
Net book value at 31 July 2019	25,816	1,867	342	28,025

## City College Norwich

### 13 Tangible fixed assets (continued)

#### College

	Land & Buildings - Freehold £000	Equipment £000	Assets in the course of construction £000	£000
<b>Cost or valuation</b>				
At 1 August 2019	44,099	14,077	342	58,518
Additions	33,499	616	616	34,731
Disposals	-	-	-	-
<b>At 31 July 2020</b>	<b>77,598</b>	<b>14,693</b>	<b>958</b>	<b>93,249</b>
<b>Depreciation</b>				
At 1 August 2019	(18,283)	(12,210)	-	(30,493)
Charge for the year	(1,351)	(743)	-	(2,094)
Elimination in respect of disposals	-	-	-	-
<b>At 31 July 2020</b>	<b>(19,634)</b>	<b>(12,953)</b>	<b>-</b>	<b>(32,587)</b>
<b>Net book value at 31 July 2020</b>	<b>57,964</b>	<b>1,740</b>	<b>958</b>	<b>60,662</b>
Net book value at 31 July 2019	25,816	1,867	342	28,025

#### 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 £7,121,613 (2019 - £7,317,613) 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.

## City College Norwich

### 13 Tangible fixed assets (continued)

**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, 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:

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

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).

#### 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.

## City College Norwich

### 14 Non-current investments – Group and College

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Investment in EOC JV LLP	743	-
Investment - Other	1	2
<b>Total</b>	<b>744</b>	<b>2</b>

### Subsidiary Undertakings

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 £38k (year to 31 July 2019: profit of £24k). Net assets were £848k (year to 31 July 2019: £879k).

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 £nil (year to 31 July 2019: £nil). Net assets were £743k (year to 31 July 2019: £nil).

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

The College owns 51% 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 TEN Group. TEN holds 49% of the shares of NES and has the power to appoint the majority of NES Directors so is deemed to be the controlling party and the results of NES are, therefore, not required to be consolidated into the College accounts.

### 15 Pension Reimbursement Asset – Group and College

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Pension Reimbursement Asset – Suffolk New College	4,277	-

When Easton and Otley College merged with both City College Norwich (CCN) and Suffolk New College (SNC) on 1 January 2020, the signed funding 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 Balance Sheet. However, a long term debtor, pension reimbursement asset has been recognised to account for the portion of liabilities due from SNC.

### 16 Stock – Group and College

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Farm	137	-
Other	14	-
<b>Total</b>	<b>151</b>	<b>-</b>

## City College Norwich

### 17 Trade and other receivables

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Amounts falling due within one year:				
Trade receivables	203	202	452	452
Amounts owed by group undertakings:				
Subsidiary undertakings	3	6	-	-
Associate Undertakings	1	1	-	-
Prepayments and accrued income	1,536	1,536	1,079	1,079
Amounts owed by the ESFA	637	637	491	491
Other Debtors	17	16	1	1
<b>Total</b>	<b>2,397</b>	<b>2,398</b>	<b>2,023</b>	<b>2,023</b>

### 18 Creditors: amounts falling due within one year

	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000	Year ended 31 July 2019 Group £000	Year ended 31 July 2019 College £000
Bank loans and overdrafts	334	334	186	186
Salix loan	-	-	60	60
Trade payables	797	797	453	453
Amounts owed to group undertakings:				
Subsidiary undertakings	19	19	3	3
Corporation Tax	-	-	-	-
Other taxation and social security	443	442	383	383
Accruals and deferred income	2,005	1,989	1,653	1,653
Deferred income - government capital grants	1,114	1,114	292	292
Amounts owed to the ESFA	344	344	517	517
Other Creditors	967	967	444	444
<b>Total</b>	<b>6,023</b>	<b>6,006</b>	<b>3,991</b>	<b>3,991</b>

## City College Norwich

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

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Bank loans	4,153	1,715
Deferred income - government capital grants	18,827	8,776
<b>Total</b>	<b>22,980</b>	<b>10,491</b>

### 20 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 2019 £000
In one year or less	334	186
Between one and two years	350	194
Between two and five years	1,820	1,521
In five years or more	1,983	-
<b>Total</b>	<b>4,487</b>	<b>1,901</b>

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%, 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.

#### (b) Salix loans

The Salix loan was interest free and repayable over 4 years with biannual repayments. The loan was fully repaid during the year.

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
In one year or less	-	60
Between one and two years	-	-
Between two and five years	-	-
In five years or more	-	-
<b>Total</b>	<b>-</b>	<b>60</b>



## City College Norwich

### 21 Restricted Reserves – Group and College

	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
At 1 August	104	105
Expenditure	(4)	(1)
At 31 July	<u><u>100</u></u>	<u><u>104</u></u>

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.

### 22 Provisions – Group and College

	<b>Defined benefit Obligations</b>	<b>NES Pension</b>	<b>Enhanced pensions</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2019	24,183	1,845	1,847	27,875
Expenditure in the period	(1,773)	-	(149)	(1,922)
Transferred from income and expenditure account	16,626	20	177	16,823
<b>At 31 July 2020</b>	<u><u>39,036</u></u>	<u><u>1,865</u></u>	<u><u>1,875</u></u>	<u><u>42,776</u></u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 28.

For further information relating to the NES provision see note 28.

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.

The principal assumptions for this calculation are:

	<b>2020</b>	<b>2019</b>
Price inflation	2.20%	2.20%
Discount rate	1.30%	2.00%

## City College Norwich

### 23 Cash and cash equivalents

#### Group

	At 1 August 2019 £000	Cash flows £000	At 31 July 2020 £000
Cash and cash equivalents	7,053	3,307	10,360
<b>Total</b>	<b>7,053</b>	<b>3,307</b>	<b>10,360</b>

#### College

	At 1 August 2019 £000	Cash flows £000	At 31 July 2020 £000
Cash and cash equivalents	7,053	3,271	10,324
<b>Total</b>	<b>7,053</b>	<b>3,271</b>	<b>10,324</b>

### 24 Capital commitments – Group and College

	2020 £000	2019 £000
Commitments contracted for at 31 July	7,772	218

The College is in the process of constructing a new Digitech building, work on its construction commenced in 2019/20 and is expected to be completed in August 2021, hence the significant increase in commitments compared to the prior year.

## City College Norwich

### 25 Lease obligations – Group and College

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

	<b>Group and College</b>	
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	220	225
Later than one year and not later than five years	867	870
later than five years	308	524
	<u>1,395</u>	<u>1,619</u>
<b>Other</b>		
Not later than one year	62	66
Later than one year and not later than five years	92	154
later than five years	-	-
	<u>154</u>	<u>220</u>
<b>Total lease payments due</b>	<u><b>1,549</b></u>	<u><b>1,839</b></u>

### 26 Contingent liabilities – Group and College

The College has a contingent liability in respect of future variation to the NES pension asset / liability. See note 28 for further information.

There were no other contingent liabilities at 31st July 2020 (2019: £Nil).

### 27 Events after the reporting period – Group and College

There are no events after the reporting period

### 28 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

### 28 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

<b>Total pension cost for the year</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Teachers Pension Scheme: contributions paid	2,565	1,597
Local Government Pension Scheme:		
Contributions paid	1,773	1,492
FRS 102 (28) charge	1,265	860
Charge to the Statement of Comprehensive Income	3,038	2,352
Enhanced pension charge to Statement of Comprehensive Income	177	182
Added years pension payments for Easton staff	9	-
<b>Total Pension Cost for Year within staff costs</b>	<b>5,789</b>	<b>4,131</b>

#### College

<b>Total pension cost for the year</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Teachers Pension Scheme: contributions paid	2,565	1,597
Local Government Pension Scheme:		
Contributions paid	1,773	1,492
FRS 102 (28) charge	1,265	860
Charge to the Statement of Comprehensive Income	3,038	2,352
Enhanced pension charge to Statement of Comprehensive Income	177	182
Added years pension payments for Easton staff	9	-
Recharge of pension costs to Easton Enterprises Ltd	(2)	-
<b>Total Pension Cost for Year within staff costs</b>	<b>5,787</b>	<b>4,131</b>

Contributions amounting to £513k (2019: £368k) were payable to the scheme 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.

## City College Norwich

### 28 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.

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 these financial statements in 2019/20.

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 also states that on exit/termination, CCN and the Academies have to pay any associated pension charges.

- A NES pension provision of £1,865k\*
- The original pension liability of £1,765k is being unwound in the annual accounts (since 2015-16) in recognition that the original liability was a discounted figure, the impact of the unwinding of the discount is a pension interest cost of £20,000 in year (accumulative £100,000).

\*Further variations in the liability post transfer e.g. actuarial loss or service costs greater than employer contributions, have been accounted for within NES. 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.

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.

## City College Norwich

### 28 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 £2,565k (2019: £1,597k).

#### 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 contribution made for the year ended 31 July 2020 was £2,206k, (£1,859k in 2018-19), of which employer's contributions totalled £1,773k (£1,492k in 2018-19) and employees' contributions totalled £433k (£367k in 2018-19). 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 2020-21 – this will be £278k.

## City College Norwich

### 28 Defined benefit obligations (continued)

#### 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 implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. 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.

In the prior year, as a result of the above, the actuary included an estimate of the cost of the impact of this judgement in the prior year FRS 102 valuation as at 31 July 2019 – this was shown as a past service cost. In 2019/20, an allowance for McCloud has again been included in the FRS 102 valuation as at 31 July 2020 - this has been taken account of, within the actuarial loss for the year within Other Comprehensive Income on the Consolidated Statement of Comprehensive Income.

#### 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 equalise 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 2020 therefore includes this allowance in its assessment of the pension costs and liabilities.

#### Principal Actuarial Assumptions – Group and College

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.90%	2.70%
Future pensions increases	2.20%	2.40%
Discount rate for scheme liabilities	1.40%	2.10%
Inflation assumption (CPI)	2.20%	2.40%

The College has updated its approach to setting RPI and CPI inflation in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK Statistics Authority.

The College continued to set RPI inflation in line with the market break-even expectations with no adjustments for an inflation risk premium, consistent with the prior year. For CPI, the College has proposed a long-term gap between RPI and CPI of 90 basis points, compared to 100 basis points at the prior year end. The estimated impact of this change is approximately a £2,750k increase in the defined benefit obligation in respect of the LGPS scheme.

#### 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

### 28 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 are:

	At 31 July 2020	At 31 July 2019
	years	years
<i>Retiring today</i>		
Males	21.70	21.10
Females	23.90	23.50
<i>Retiring in 20 years</i>		
Males	22.80	22.40
Females	25.50	25.00

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

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019
		£000		£000
Equities	1.4%	40,713	2.1%	26,343
Bonds	1.4%	27,941	2.1%	18,439
Property	1.4%	8,781	2.1%	5,795
Cash	1.4%	2,395	2.1%	2,107
<b>Total fair value of plan assets</b>		<b>79,830</b>		<b>52,684</b>
<b>Weighted average expected long term rate of return</b>	1.40%		2.10%	
<b>Actual return on plan assets</b>		<b>(1,628)</b>		<b>3,305</b>

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

	2020	2019
	£000	£000
Fair value of plan assets	79,830	52,684
Present value of plan liabilities	(127,120)	(76,760)
Present value of unfunded liabilities	(104)	(107)
<b>Net pensions (liability) (Note 20)</b>	<b>(47,394)</b>	<b>(24,183)</b>



## City College Norwich

### 28 Defined benefit obligations (continued)

#### Local Government Pension Scheme (cont'd)

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

	2020	2019
	£000	£000
<b>Amounts included in staff costs</b>		
Current service cost	3,038	2,232
Past service cost	-	120
<b>Total</b>	<b>3,038</b>	<b>2,352</b>

#### Amounts included in investment income or interest payable

	2020	2019
	£000	£000
Net pension finance cost	(612)	(486)
	<b>(612)</b>	<b>(486)</b>

#### Amounts recognised in Other Comprehensive Income

	2020	2019
	£000	£000
Return on pension plan assets	(3,085)	1,930
Experience losses arising on defined benefit obligations	2,105	3,976
Changes in assumptions underlying the present value of plan liabilities	(12,929)	(11,771)
Actuarial impact of Easton staff transferring to CCN	933	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>(12,976)</b>	<b>(5,865)</b>

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

	2020	2019
	£000	£000
Deficit in scheme at 1 August	(24,183)	(16,972)
Movement in year:		
Current service cost	(3,038)	(2,232)
Employer contributions	1,763	1,482
Contribution in respect of unfunded benefits	10	10
Past service cost	-	(120)
Net interest on the defined (liability)/asset	(612)	(486)
Effect of business combination and disposal	(7,425)	-
Actuarial (loss) *	(13,909)	(5,865)
<b>Net defined benefit pension (liability) as at 31 July</b>	<b>(47,394)</b>	<b>(24,183)</b>

\* In addition to the main actuarial loss for 2019/20 shown above, the Statement of Comprehensive Income shows an additional actuarial loss of £8,358k. This balance represents the net LGPS liability at point of transfer from Easton at 1 January 2020. The staff and liabilities associated with this opening liability are 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.

## City College Norwich

### 28 Defined benefit obligations (continued)

#### Local Government Pension Scheme (cont'd)

#### Asset and Liability Reconciliation

	2020	2019
	£000	£000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>76,867</b>	<b>65,847</b>
Current Service cost	3,038	2,232
Interest cost	2,069	1,861
Contributions by Scheme participants	433	367
Experience gains and losses on defined benefit obligations	(2,105)	(3,976)
Changes in financial assumptions	12,929	11,771
Estimated unfunded benefits paid	(10)	(10)
Estimated benefits paid	(1,679)	(1,345)
Past Service cost	-	120
Curtailments and settlements	-	-
Effect of business combination and disposals *	35,682	-
<b>Defined benefit obligations at end of period</b>	<b>127,224</b>	<b>76,867</b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	<b>52,684</b>	<b>48,875</b>
Interest on plan assets	1,457	1,375
Return on plan assets	(3,085)	1,930
Employer contributions	1,763	1,482
Effect of business combination and disposals *	28,257	-
Contributions by Scheme participants	433	367
Contribution in respect of unfunded benefits	10	10
Estimated unfunded benefits paid	(10)	(10)
Estimated benefits paid	(1,679)	(1,345)
<b>Fair value of plan assets</b>	<b>79,830</b>	<b>52,684</b>

\* These 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

### Notes to the Accounts

#### 29 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

The College is within the Transforming Education in Norfolk Charitable Group (see note 28), the group entities and prior year comparatives have been disclosed below.

Name of related party	Relationship	Transaction Description	Amounts 2019/20	Balance outstanding at period end 2020	Amounts 2018/19	Balance outstanding at period end 2019
			£000	£000	£000	£000
The Forum Trust	Connected Business (1)	Rents & service charges	-	-	62	8
The Great Hospital	Connected Business (1)	Apprenticeship initiatives	1	-	n/a	n/a
Association of Colleges (AOC)	Connected Business (2)	Membership / staff training / agency staff	34	-	52	-
New Anglia Local Enterprise Partnership	Connected Business (2)	Capital grant funding	(524)	(254)	n/a	n/a
Cambridge Access Validating Agency (CAVA)	Connected Business (3)	Exams / membership	29	-	26	-
RCU Ltd	Connected Business (3)	IT software licence	3	-	n/a	n/a
UEA	Connected Business (4)	Higher Apprenticeship Income, Funding for HE delivery, validation charge, staff training	(558)	(358)	(194)	(75)
SEG Awards	Connected Business (5)	Exams	1	-	2	-
University Technical College Norfolk	Group Entity / Connected Business (4)	Student placements / print services / catering services	n/a	n/a	(3)	-
Norfolk Educational Services	Group Entity (5)	Shared services / staff recharges / tuition fees	5,545	19	5,106	3

## City College Norwich

### Notes to the Accounts

Name of related party	Relationship	Transaction Description	Amounts 2019/20	Balance outstanding at period end 2020	Amounts 2018/19	Balance outstanding at period end 2019
			£000	£000	£000	£000
Norfolk Academies	Group Entity	Student placements / print services / staff training	4	-	3	-
NES Pension Liability	Group Entity	Pension liability	See disclosures in note 26.			
Norfolk CC Pension Fund	Charity SORP standard related party - Provision of LGPS		See disclosures in note 26.			
Teachers' Pension Scheme	Charity SORP standard related party - Provision of TPS		See disclosures in note 26.			

Amounts included accounting adjustments (accruals/prepayments)

Amounts shown in brackets are income/debtors

1. A Barnes is a Trustee and a Director of The Forum Trust and Chief Executive of The Great Hospital.
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. (J White resigned as director of UTCN in 2019).
4. A Blanchflower is a Director of Student Academic Services at UEA.
5. J Lanning - is a Trustee of SEG Awards (formerly ABC Awards).
6. UTCN left the TEN group in 2018-19.

The total expenses paid to or on behalf of the Governors during the year was £327; 1 governor (2019: £750; 1 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

## City College Norwich

### Notes to the Accounts

#### 30 Controlling Party

The College, (and therefore Easton Enterprises Ltd), is within the Transforming Education in Norfolk Charitable Group. The TEN Charity is a private company limited by guarantee and a registered charity, number 1148753. A majority of the College Governors are TEN nominees.

Copies of the Transforming Education in Norfolk consolidated accounts can be obtained from the Company Secretary c/o City College Norwich, Ipswich Road, Norfolk, NR2 2LJ.

#### 31 Amounts disbursed to students – Group and College

##### Learner support funds

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Balance brought forward	<b>53</b>	<b>94</b>
Easton balances brought forward	39	-
Funding body grants – 16-19 bursary support	706	615
Funding body grants – Advanced learner loans bursary support	185	185
Funding body grants – Capacity & delivery bursary support	31	17
Funding body grants – Care leaver bursary support	3	1
Funding body grants – 16-19 residential	40	-
Other Funding body grants *	97	83
	<b>1,101</b>	<b>901</b>
Disbursed to students	(856)	(824)
Administration costs	(35)	(34)
Amount consolidated in financial statements	(22)	(77)
Amount returned to funding body	(5)	(7)
	<b>236</b>	<b>53</b>
Balance unspent as at 31 July, included in creditors		

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 2018/19 balance.