

Yeovil College

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2020

Yeovil College

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2020

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for the year ended 31 July 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Key Management Personnel

Key management personnel are defined as members of the Principalship and were represented by the following in 2019/20:

John Evans	Principal; Accounting Officer
Mark Bolton	Vice Principal Curriculum & Quality / Principal; Accounting Officer
Steve Chattell	Vice Principal Curriculum & Quality
Emma Cox	Vice Principal Finance & Resources

John Evans (Principal) tendered his resignation on 5th July 2019, leaving the role on 30th September 2019. Mark Bolton was appointed to the role of CEO and Principal effective 1st October 2019 with Steve Chattell appointed to the role of Vice Principal Curriculum & Quality (VPC&Q) effective on the same date. Steve Chattell tendered his resignation on 5th 2020 March and left the College on 31st August 2020. Joanna Frith-Williams was appointed as interim VPC&Q on 1st July 2020 and then as permanent VPC&Q from 1st September 2020.

Board of Governors

A full list of governors is given on pages 15, 16 and 17 of these financial statements.

Katharine Corbett served as Clerk during 2019/20 and in the period up to the signing of this document to 25 September 2020. Gill Macpherson was appointed Clerk effective 10 September 2020, including a handover period with the existing clerk to 25 September.

Professional Advisers

Financial Statements Auditors and Reporting Accountants:

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

Internal Auditors:

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

Bankers:

Business Support Unit Commercial Banking – Risk Division
Lloyds Banking Group
PO Box 128
8 Royal Parade
Plymouth
PL1 1LX

Solicitors:

Clarke Willmott
Blackbrook Gate
Taunton
TA1 2PG

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STRATEGIC REPORT

for the year ended 31 July 2020

OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2020. Yeovil College is a Further Education College. The principal place of operations is Mudford Rd, Yeovil, BA21 4DR.

Legal Status

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

Mission and Values

The college's mission and values for the year 2019/20 as approved by its members are:

Mission

To maximise potential for all.

Values

- Creating a learner-centred environment
- Having uncompromising ambition for our learners
- Valuing and respecting everyone, offering opportunities to all
- Collaborating with our local community and employers
- Being flexible, innovative and forward thinking

Strategic Plan

In July 2018 the college adopted a strategic plan for the period 1 August 2018 to 31 July 2021. This strategic plan includes property and financial targets. The Corporation monitors the performance of the college against these targets. The strategic plan is reviewed and updated each year. The college's continuing strategic objectives are:

1. To inspire, be ambitious, respect and support all our learners, through outstanding teaching, learning and assessment to maximise their potential.
2. Provide a high quality, innovative, relevant and responsive curriculum to meet the needs of local, regional and national priorities.
3. Maintain stable long term financial position and manage the college effectively, efficiently and innovatively in order to proactively invest and further improve facilities and learning experience for all.
4. Work effectively and innovatively with our partners to maximise all opportunities in order to provide an outstanding experience for our learners, employers and the local community.
5. Value, develop and recognise staff with highly effective performance management to provide the best quality experience for our learners and employers.

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College Achievements

- Maintained status as the highest achieving college in Somerset.
- The only college in Somerset to achieve 100% pass rate for A levels and for the fifth consecutive year.
- Growth in 16-18 year olds learner numbers
- In partnership with other institutions in the region, awarded bid for the West of England Institute of Technology status (£2.25m capital)
- Awarded LEP funds for Digital Acceleration to enhance digital delivery (£70k capital)
- Application for T-level capital development funds (£1.15m)
- Removal of ESFA financial Early Intervention Status

Resources

The college has various resources that it can deploy in pursuit of its strategic objectives. All activities have been consolidated within the main campus on Mudford Road.

The college employs 260.3 people (expressed as full time equivalents), of whom 132 are teaching staff.

The college enrolled approximately 4,279 students. The college's student population includes 1,308 16-to-18 year old students, 1,160 apprentices, 200 higher education students and 907 adult learners.

The College has £6.4m of net assets, reducing to net liabilities of £16.1m when including £22.5m pension liability. Tangible resources include the main college site.

The college has an improving reputation locally and nationally. Maintaining and improving a quality brand is essential for the college's success in attracting students and building external relationships.

Stakeholders

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

- Learners
- Education sector funding bodies at both FE and HE
- FE Commissioner
- Staff
- Local employers
- Local Authorities
- Local Enterprise Partnerships (LEPs) in Somerset and Devon
- West of England IoT and its partners
- The Local Community
- Local schools
- Other FE institutions
- Professional bodies
- Trades Union
- Sector Skills Councils
- Chambers of Commerce
- Association of Colleges

The college recognises the importance of these relationships and engages in regular communication with them through meetings, events, networking, communications and forums both on and off line.

FINANCIAL PERFORMANCE

Results

In a year that saw global lockdowns due to the Covid-19 pandemic and the massive disruption that followed, Yeovil College has finished the year in an unprecedented financially strong position. The college generated an operating surplus in the year of £445,000 before the FRS102 pension charge of £1,173,000. The position after these adjustments is a deficit of £728,000. Total Comprehensive Income for the year, after the actuarial loss in respect of the Local Government Pension Scheme (LGPS) is £7,410,000 (2018/19 loss £3,961,000). The college LGPS pension contribution increased in the year from 13.8% to 16.4%.

The college has cash balances of £2,023,000 and negative reserves of £16,118,000 including £22,495,000 of LGPS liabilities. The reserves position has reduced since last year as a result of the pension deficit increasing by £7,855,000. The college wishes to accumulate reserves and cash balances in order to maintain working capital and generate funds for reinvestment in capital, particularly in the context of limitations to capital grant availability.

The pension liability continues to have an unpredictable impact on the college's reserves in the year. A change in the discount rate used for the financial assumptions applied by the actuary and an experience loss on defined benefit obligation has increased the liability by a huge 54% in year from £14,640,000 to £22,495,000 (2018/19 35% increase). Much of this is due to the financial uncertainty caused by the pandemic.

Tangible fixed asset additions during the year amounted to £1,186,000, of which £946,000 relates to the West of England Institute of Technology (IoT) spends and is recovered through grants. The majority of the spend to date is on IT upgrades to enable use of Office365 technology which allows for delivery of teaching and learning both remotely and in the classroom. This deployment was accelerated over the summer 2020 to be in place from the beginning of the new academic year and now in place, it allows the college the flexibility to switch to remote learning when required as the country goes in and out of lockdowns with the ongoing pandemic. IoT spend will continue next year (£1,306,000) and if the college bid is successful the commencement of a £1.4m spend in relation to T-levels. Other material spend in the year included £86,000 to upgrade the IT storage, £58,000 on parking improvements on the Hollands House site and £53,000 to create a clinical skills ward room, the latter being funded by the EDGE fund.

Intangible assets investment in year included £36,000 in upgrading and moving the finance system to a cloud solution and £10,000 for the visitor ID system.

Financial Health Grade

The 2019/20 financial health grade using the ESFA model is "Good" (2018/19 "Requires Improvement")

Sources of income

The college has significant reliance on the education sector funding bodies for its principal funding source, from recurrent and specific grants. In 2019/20 the FE funding bodies provided 77% of the College's total income (2018/19 74%).

FUTURE PROSPECTS

The College has built on the trajectory established by the previous Principal with learner outcomes continuing to improve, the continuity achieved by internal succession with the appointment of the new Principal has supported this.

Success in 2019/20 can be attributed to swift planning and decision making at the beginning of the COVID19 lockdown, minimising the resulting disruption. This together with the eventual subsequent funding clarity from the Department for Education enabled the best possible outcomes in all regards to college KPIs for 2019/20. Clarity through effective communication where staff and students understood what to do and when to do it has delivered a very successful out-turn to 2019/20.

The College has continued to develop its estates strategy in preparation for any government capital investment. The strategy that looks at the steps required over the short and long term to ensure that the conditions of the buildings do not have a negative impact on the learner experience whilst developing a campus for the future. The college's estate is a mix of category A, B, C and D with 59% in category C. Category C is defined as "operational but with major repair or replacement needed soon". The college commissioned a detailed buildings condition report in 2017 which provides detail about the poor condition of the estate which will inform any future bids for capital investment.

The main focus for any investment in buildings and resources across the planning period are:

- Implement whole site building strategy for short and long term investment.
- Investigate space needs analysis for replacing key buildings: Kingston, Bridge and the Learning Resource Centre
- Revamp and short term maintenance of Kingston building.
- Enhance Sports facilities on main site with an artificial pitch.

The College has continued to address its financial position whilst further improving the learner outcomes in line with its strategic strategic plan.

The focus on the quality of teaching, learning and assessment and therefore improving the learner outcomes has had a significant impact. The college is now the highest performing college in the county and one of the highest in the south west. The reputational gains enjoyed through this achievement underpin improving student numbers and finances.

Curriculum Developments

Our curriculum for full-time, part-time and work based learners is highly relevant to our local and regional economic needs, supporting our business community to grow and prosper, providing them with a future workforce which is well prepared for their current and future roles.

Informed by Stakeholders

We involve our business community and stakeholders in the design and delivery of our curriculum, incrementally building understanding both internally and externally, to ensure we collectively understand one another's needs and constraints. We foster impactful relationships with our staff and students throughout the college with our business community.

Delivering Outcomes which Align to Industry Need

Students engage with a curriculum which is shaped to deliver more exposure to our business community and where the content builds the behaviours, skills and knowledge which have a positive impact in the workplace.

We are preparing for the delivery of T Levels in our curriculum planning and development so that we continue to be at the forefront of Post-16 education policy implementation for the benefit of our college and wider community. We continued to roll out our Industrial Placements where learners participate in 300 hours or more of Industrial Placement.

Our Higher Education curriculum is of particular focus to ensure it is aligned clearly to career opportunities and be delivered in a way which makes it easier for individuals who have work and other commitments to engage and be successful.

Delivering Learning Opportunities which Align to Learner Choice

Our curriculum is accessible, it is delivered at a time, place and utilises technology which ensures that it is highly accessible for our diverse learning community. We continue to focus on the development of Teaching, Learning and Assessment Pedagogies which align to our learners' preferences of accessing a blended learning experience that allows learners to learn at a time and in a place of their choice.

We will continue to innovate in our curriculum design and student services provision to ensure that we are pro-actively delivering positive interventions to improve the 'Wellbeing' of our learners.

Valued

Our business community and stakeholders have valued our contribution and demonstrated their satisfaction with Employer Satisfaction scores of over 81% in 2019-20.

We will strive to innovate in the delivery of our curriculum, exploring and securing opportunities to achieve better economies of scale to achieve better value for money with our teaching resources. Teaching resources and environments will be fit for purpose, facilitating an inspiring experience for our learners, reflecting our collective ambition.

Financial Plan

The college governors approved a two year financial plan in July 2019 which sets objectives for the period to 2021:

- Achieve an underlying operating surplus of 1% per year (with an aspirational 3% target)
- Maintain a closing annual cash balance of £1m
- Maintain a staffing ratio below 65%
- Maintain a financial health score health grade above 140 points (Requires Improvement) on the ESFA scale
- To achieve a current ratio in excess of 1 through year on year improvements
- Borrowings not to exceed 30% of income
- To have the financial capacity to achieve capital development ambitions

Treasury policies and objectives

The college has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. The college has a separate treasury management policy statement contained within its Financial Regulations. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

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for the year ended 31 July 2020

The future target is to ensure a closing cash balance in excess of £1,000,000 at the end of the year, this level reduces cash risk to an acceptable level throughout the year but also allows for capital developments to be supported.

The college has worked with its bankers to reset its bank covenants that were breached 2014-15. These were reset in November 2020 with the signing of a new loan agreement.

Cash flows and liquidity

Cash flow from operating activities was £1,436,000 (2019/20 £932,000 inflow) with a closing cash balance of £2,023,000 (2018/19 £1,127,000) after investing a net £392,000 in Fixed Assets, the main investment was towards the IoT project.

Reserves

The college does not have a formal reserves policy but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the college's core business. It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses of between 1% and 3%. When considering the Income and Expenditure Account Reserve, the Corporation separates the pension charge as this is dependent on market forces and therefore impossible to plan.

As at the balance sheet date, the Income and Expenditure account reserve stands at £1,409,000 (2018/19 £881,000) before the pension provision. The Income and Expenditure account reserve with the pension liability of £22,495,000 (2018/19 £14,640,000) is a negative £21,086,000 (2018/19 negative £13,759,000).

The revaluation reserve relates to Land and Buildings revaluations made periodically since Incorporation in 1994. The balance held at the balance sheet date comprises £4.6m for land and £0.3m for buildings.

The college holds no restricted reserves.

Going Concern

At the meeting of the Audit Committee on the 25 November 2020 and the Corporation Meeting of the 3 December 2020, members restated the reasons why there is confidence to support a going concern status; namely

- The college continues to improve results for its learners and its reputation in the area, including the increased market share of local 16 year olds in September 2020.
- £2,023,000 cash balance at the end of the year.
- Bank loan at £3.6m with 3.5% debt servicing costs (£0.5m) which are maintainable with a fixed interest rate.
- The college has recently renewed its loan agreement with Lloyds Bank, following a breach of covenants in 2014-15. Although this wasn't in place at the balance sheet date, with respect to 2019/20 financial year, the bank had waived their option to recall the loan as at 31st July 2020.
- Financial and cash flow forecasts have been prepared that demonstrate that the covenants are met for the next 12 months.
- Education & Skills Funding Agency Financial Health score at 200 (TBC), "Good" in 2019/20 and the lifting of the ESFA early intervention.
- Robust and reliable financial plan and financial forecast showing base assumptions and demonstrating sufficient funds.
- KPI reporting and risk management activities provide confidence in the management of the plan.

- Cash day for the year are forecast to be maintained above 30 days, the ESFA minimum requirement is 14 days
- With respect to the ongoing pandemic, the College Management Team has put robust measures in place, with a blended delivery of on site and remote learning to allow flexibility of approach as the nation goes in and out of lockdown. Health and Safety initiatives are in place in line with government guidelines and constantly reviewed and both staff and students reminded to stay safe.

After making appropriate enquiries, the Corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future.

For this reason, it continues to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance. Based on the strategic plan, the Senior Management Team and College Management Team regularly review the risks to which the college is exposed. They identify systems, procedures and detailed actions to mitigate any potential impact on the college. A risk register is maintained at the college level which is reviewed at each Audit Committee and termly by the College Management Team. 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.

The main risk factors affecting the college are outlined below. Not all the factors are within the college's control.

1. COVID-19

The global pandemic continues to impact Government decisions, with social distancing laws frequently being changed. Following closure of the campus to all students and staff in March 2019, the college continued to operate remotely, delivering learning via the internet. Detailed plans and risk assessments were carried out over the summer of 2020 to ensure the reopening of the college to students in September. The college decided to keep attendance on site at a greatly reduced volume, for those needing practical training in workshops and for those with learning difficulties who have found it particularly difficult working from home. The impact on income going forward presents both challenges and opportunities. Should employers choose to make apprentices redundant, they will not be able to continue in learning. While this has not been felt by the college as acutely as it might have, with the ending of the furlough scheme in October 2020, the landscape may change. On a positive note for the college, there may be income opportunities realised with adults choosing to retrain and various initiatives from Government emerging. College leaders continue to monitor the impact and changes due to the pandemic, but this still presents the largest possible unknown variable.

Other factors besides those listed below may also adversely affect the college.

2. Government Funding

The college has considerable reliance on continued government funding through the further education sector funding bodies. In 2019/20, 74% of the college's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The college is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The college, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop:

- Introduction of T Levels from September 2020 (September 2021 for Yeovil College)
- The impact of devolution, particular for the Adult Education Budget
- Increased local competition from school sixth forms.
- Employer Responsive funding, including the apprenticeship reform which has reduced income from the ESFA from May 2017.
- HE: the move from franchised to validated provision, although not affecting numbers, means continued growth to remain competitive.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the college is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies and employers.
- Ensuring the college is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies.

3. Tuition Fee Policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Yeovil College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the college is that demand falls off as fees increase. This will impact on the growth strategy of the college.

This risk is mitigated in a number of ways:

- By ensuring the college is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.

4. 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. This risk is mitigated by an agreed deficit recovery plan with the Somerset County Council pension fund.

5. Failure to maintain the financial viability of the College

The college’s current financial health grade is classified as “Good” as described above. This is largely the consequence of actions taken to mitigate the financial impact of COVID-19, this included halting of spend prior to lockdown and stopping the recruitment of replacement and new roles, as well as furloughing staff where appropriate, the speed of these actions were taken ensured cost savings were maximised. Engagement with learners continued and was successful in retaining them on programme particularly in the case of apprentices, where the number of learners withdrawing was not significant, this improves the outlook next year as well.

Notwithstanding that and accepting COVID-19 required immediate unprecedented actions, the continuing challenge to the college’s financial position remains the constraint on further education revenue funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

KEY PERFORMANCE INDICATORS

Key performance Indicator	Actual for 2018/19	Actual for 2019/20
Student number targets 16-18	1286	1309
Student number targets 19+	998	907
Student number targets Higher Education	199	200
Student number targets apprenticeships starts	488	436
Student achievement/progression 16-18	84.9%	82.5%
Student achievement/progression 19+	87.9%	78%
Operating surplus/EBITDA as % of income	7.5%	9.6%
Staff satisfaction (via survey)	82% (positive response to “Overall, I am happy working here”)	91% (positive response to “Overall, I am happy working here”)
Ofsted rating	Good	Good
Financial Health (ESFA)	Requires Improvement	Good

Student Achievements

In October 2016, the college underwent an Ofsted inspection in which the college was awarded a grade of ‘Good’ across all areas.

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for the year ended 31 July 2020

'The proportion of learners who successfully complete and achieve their qualifications has risen over the previous three years and is now high. Learners on vocational courses and apprentices aged 16-24 are particularly successful.' (Ofsted 2016)

Students achieve exceptionally well at the college. In 2019/20 the achievement rates of learners were 90.1% for long qualifications and 83.4% including English and maths. A Level students secured a 100% pass rate for the fifth year running. Students across the range of provision achieved well and have positive destinations.

OTHER INFORMATION

Public Benefit

Yeovil College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14, 15 and 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.

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

- High-quality teaching, learning and assessment
- Widening participation and tackling social exclusion
- Successful progression for learners
- Strong student support systems
- Strong links with employers, industry and commerce
- Close links with Local Enterprise Partnerships (LEPs)

The college continues to improve its impact in the community and is increasingly adopting a positive and influential position in the wider community as an anchor institution delivering significant civic value. It takes its role in providing public benefit seriously, a guiding principle that we should support our business community to grow and prosper, so that the wider community also prospers with improved opportunities underpins all of our work. We believe we provide exceptional value for the public purse.

Equality

The college is committed to ensuring equality of opportunity for all who learn and work here. We respect and positively value differences in race, gender, sexual orientation, disability, religion or belief, marital status, pregnancy 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 Policy is published on the college's website.

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 new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The college is a 'Disability Confident' employer and has committed to the principles and objectives of the Disability Confident 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

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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.

The college has 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 seeks to achieve the objectives as set down in the Equality Act 2010.

- As part of the ongoing redevelopment of the buildings, the college is updating lifts, ramps and other accessibility equipment, making reasonable adjustment to ensure that in the near future the majority of facilities will allow access to all.
- The Accessibility Statement and Equality Duty are available for all to view on our website. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The college has made a significant investment in the appointment of skilled professionals to support students with learning difficulties and/or disabilities. There are a number of Learning Support Practitioners who provide specialist support to enable students to achieve their full potential. There is a continuing programme of staff development to ensure the high quality provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Achievements and destinations are recorded and published in the standard college format.
- Student Support services are described in the Accessibility Statement, Student Guide, Tutor Handbook and are also available on Moodle.
- Counselling and welfare services are described in the college Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade Union facility time

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

Numbers of employees who were relevant period	Trade union number of employees	FTE employee number
500-1500	3	3

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

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Total cost of facility time	£5,200
Total pay bill	£9,792,000
Percentage of total bill spent on facility time	0.05%

Time spent on paid trade union activities as a percentage of total paid facility time	50%
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Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, requires organisations, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2019 to 31 July 2020, the college paid 85 per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

EVENTS AFTER THE REPORTING PERIOD

There were no significant post balance sheet events

DISCLOSURE OF INFORMATION TO THE 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 3 December 2020 and signed on its behalf by



Peter Thomas
Chair

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statement.

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 guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”) and;
- having due regard to the UK Corporate Governance Code 2016 (“the Code”) insofar as it is applicable to the further education sector.

In the opinion of the governors, the college complies with (and in many respects exceeds) all the provisions of the Code and it has complied throughout the year ended 31 July 2020. This opinion is based on an internal review of compliance with the Code reported to the board on 8 October 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, the Corporation takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted from 01 August 2015.

The college is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The governors, who are also the Trustees for the purpose of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The Members who served on the Corporation during the year and **up to the date of signature of this report** were as listed in the table below:

Name	Date of Appointments	Term of office	Date of resignation	Status of appointment	Corporation Attendance for 2019/20	Committees Served and attendance
Sam Best	17 July 2013 17 July 2017	4 years		Independent	6/6	
Mark Bolton	01/10/19	Ex-officio		Principal	6/6	Search and Governance 2/2
<i>Michael Brinson</i>	<i>12 October 2017</i>	<i>4 years</i>	<i>5 December 2019</i>	<i>Independent</i>	<i>2/2</i>	<i>Finance & Remuneration (Chair) 2/2</i>

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

Name	Date of Appointments	Term of office	Date of resignation	Status of appointment	Corporation Attendance for 2019/20	Committees served and attendance
Paul Clowes	10 October 2019	4 years		Independent	6/6	Audit (Vice Chair as of Jul 2020) 3/3
Ken Comber	01 January 2016 01 January 2020	4 years 4 years	3 December 2020	Independent	4/6	Audit (Chair) 2/3
Jacqueline Dean (Chair to 06/10/19)	21 December 2009 21 December 2013 Chair appointment extended until 31 July 2019 Membership extended to 31/12/20	4 years 4 years Until 31 December 2020		Independent	6/7	Search & Governance 1/2 C,Q&A 2/2 Finance & Remuneration 5/5
Lee Harwood	21 June 2018	4 years		Independent	7/7	Finance & Remuneration (Vice chair until December 2019, Chair after) 4/5
Jo Howarth	13 June 2019	4 years		Independent	2/6	C,Q&A 2/2 S&G 1/2
Jessica Hughes	24 January 2019	2 years	31 July 2020	Student FE	5/6	
Sam Leigh	09 May 2019	4 years	1 July 2020	Independent	3/5	Audit 3/3
Rebecca Marshall	25 January 2018	4 Years		Independent	6/6	Audit 3/3
Netta Meadows	21 June 2018	4 years		Independent	3/5	Audit 1/3
David Mills (Vice Chair as of 9 July 2020)	12 October 2017	4 years		Independent	5/6	Finance & Remuneration 3/5 Search & Governance (Chair) 2/2
Paul Morey	01 September 2017	4 years		Staff (Teaching)	4/6	C,Q&A 1/2
Jagtar Ner	27 February 2014 27 February 2018	4 years 4 years		Independent	5/6	Search & Governance 1/2 Audit (vice chair to July 2020) 3/3

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

Name	Date of Appointments	Term of office	Date of resignation	Status of appointment	Corporation attendance for 2018/19	Committees served and attendance
Gayle Pogson	26 January 2017	4 years		Staff (Business)	5/6	
Scott Roy	21 December 2005 21 December 2009 21 December 2013 Extended to 20 December 2020	4 years 4 years Until 20 Dec 2020		Business up to 22 October 2008 Independent thereafter	6/6	Finance & Remuneration (Remuneration Chair) 4/5 C,Q&A 2/2
Isabella Stanley	5 December 2019	4 years		Student HE	3/5	
Peter Thomas (Chair as of 7 October 2019)	10 December 2008 10 December 2010 10 December 2014 Extended to 31 December 2020	2 years 4 years 4 years Until 31 Dec 2020		Independent	6/6	Finance & Remuneration 4/5 Search & Governance 2/2 C,Q & A (Chair) 2/2

Katharine Corbett served as Clerk during 2019/20 and in the period up to the signing of this document to 25 September 2020. Gill Macpherson was appointed Clerk effective 10 September 2020, including a handover period with the existing clerk to 25 September.

On 5th July 2019, John Evans (Principal) tendered his resignation. Following a rigorous recruitment process, Mark Bolton was appointed CEO and Principal effective 1st October 2019.

Jacqueline Dean stepped down from the role of Chair to the Corporation on 6th October 2019, and was succeeded by Vice Chair Peter Thomas on 7th October 2019. David Mills was appointed as an additional Vice Chair to the Corporation on 9 July 2020

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

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

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference which have been approved by the Corporation. For 2019/20 these Committees were Audit, Finance & Remuneration, Curriculum, Quality & Assurance and Search & Governance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the college website [at www.yeovil.ac.uk] or from the Clerk to the Corporation at:

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

Yeovil College
Mudford Road
Yeovil
Somerset
BA21 4DR

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 of the Corporation as a whole.

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

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

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

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding four years. Governors should not serve more than two terms (or a maximum of eight years), however upon consideration of an individual's contribution to the work of the college and an assessment against the skills audit, some governors have served longer than the recommended 8 years.

Corporation performance

The Corporation carried out a self assessment of its own performance for the year ended 31st July 2020 and graded itself as Grade 2 – Good.

Finance and Remuneration Committee

Throughout the year ending 31 July 2020, the college's Finance and Remuneration Committee comprised up to six members of the Corporation. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Committee's responsibilities are to monitor and advise the Corporation regarding budget proposals, Financial Statements, financial targets and control of expenditure for revenue and capital budgets, financial performance and general matters of finance. The Committee also makes recommendations to the Board on the remuneration and benefits of the Accounting Officer, Senior Post Holders and the Clerk.

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

Details of remuneration for the Accounting Officer and other key management personnel for year ended 31 July 2020 are set out in note 6 to the financial statements.

Curriculum, Quality and Assurance Committee

Throughout the year ending 31 July 2020, the college's Curriculum, Quality and Assurance Committee comprised up to six members of the Corporation. In 2019/20, Peter Green served as a Co-opted Member on this Committee.

The Committee's responsibilities are to monitor and advise the Corporation on matters relating to teaching, learning and assessment at the college including quality of provision, application numbers, outcomes data and curriculum offer.

Audit Committee

The Audit Committee comprises up to six members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

The Audit Committee also advises the Corporation on the appointment of Internal, Regularity and Financial Statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

Internal Control

Scope of Responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Financial Agreement between Yeovil College and the Funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

The purpose of the system of internal control

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 Yeovil College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

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, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Yeovil College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice in a normal year. The work of the internal audit service is normally 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. Due to the impact of Covid-19 this year, where visits to College premises were not permitted after March 2020 and key management resources were necessarily utilised in dealing with the College's response to the Covid-19 position, the agreed programme of internal audit work was reduced considerably with the agreement of the Audit Committee and the Head of Internal Audit. Accordingly, the work that was conducted did not cover many of the areas that would typically be addressed in a year and would form the required scope of an annual report of the Head of Internal Audit (HIA) to the governing body which reports on internal audit activity in the College. The reports that were undertaken were presented to the Audit Committee.

Review of effectiveness

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

- the work of the internal auditors which was unavoidably reduced as a result of the Covid-19 situation, as set out above.

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL for the year ended 31 July 2020

- the work of the Senior Management Team within the college who have responsibility for the development and maintenance of the internal control framework
- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2020 meeting, the corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2020.

Based on the advice of the Audit Committee and the Accounting Officer, 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 safeguarding of their assets. During the pandemic the Audit Committee has provided robust challenge to the College and in particular regarding the risk register and arrangements relating to covid19 and re-opening of the College after the lockdown"*.

Peter Thomas
Chair

Mark Bolton
Accounting Officer

Yeovil College

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE for the year ended 31 July 2020

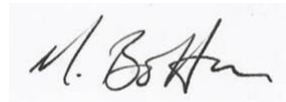
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreement and contracts with ESFA. As part of our consideration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

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



Peter Thomas
Chair
03 December 2020



Mark Bolton
Accounting Officer
03 December 2020

Yeovil College

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION for the year ended 31 July 2020

The members of the corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 3 December 2020 and signed on its behalf



Peter Thomas Chair 03 December 2020

Yeovil College

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2020

Opinion

We have audited the financial statements of Yeovil College (the 'College') for the year ended 31 July 2020 which comprise the College Statement of Comprehensive Income and Expenditure, the College Statement of Changes in Reserves, the College Balance Sheet, the College Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Yeovil College

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2020

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Yeovil College

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2020

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

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Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

16 December 2020

.....
Date

Yeovil College

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2020

In accordance with the terms of our engagement letter dated 15/09/2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Yeovil College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Yeovil College 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 Yeovil College 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 Yeovil College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Yeovil College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

Yeovil College

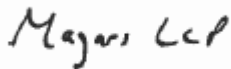
REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2020

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/ funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

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.



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Mazars LLP

Date: 16 December 2020

Yeovil College

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE for the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
Income			
Funding body grants	2	11,754	10,778
Tuition fees and education contracts	3	2,489	2,927
Other grants and contracts	4	170	-
Other income	5	825	811
Endowment and Investment income	6	4	5
		<hr/>	<hr/>
Total Income		15,242	14,521
		<hr/>	<hr/>
Expenditure			
Staff costs	7	10,513	9,889
Fundamental restructuring costs	7	22	44
Other operating expenses	8	3,876	4,225
Depreciation and amortisation	10 & 11	1,044	1,033
Interest and other finance costs	9	515	509
		<hr/>	<hr/>
Total Expenditure		15,970	15,700
		<hr/>	<hr/>
Deficit before other gains and losses		(728)	(1,179)
(Loss)/gain on disposal of assets		-	(15)
		<hr/>	<hr/>
Deficit for the year		(728)	(1,194)
		<hr/> <hr/>	<hr/> <hr/>
Actuarial (loss)/gain in respect of pensions scheme	20	(6,682)	(2767)
		<hr/>	<hr/>
Total Comprehensive Income for the year		(7,410)	(3,961)
		<hr/> <hr/>	<hr/> <hr/>

Yeovil College

STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2020

	Income and Expenditure Account £'000	Revaluation Reserve £'000	Total £'000
Balance at 1st August 2019	(13,759)	5,051	(8,708)
Deficit from the income and expenditure account	(728)	-	(728)
Other comprehensive income	(6,682)	-	(6,682)
Transfers between revaluation and income and expenditure reserves	82	(82)	-
Total comprehensive income for the year	(7,328)	(82)	(7,410)
Balance at 31st July 2020	(21,087)	4,969	(16,118)

The revaluation reserve relates to Land and Buildings revaluations made periodically since Incorporation in 1994. The balance held at the balance sheet date comprises the following:

	Revaluation Reserve £'000
Land	4,641
Buildings (revaluation from 1994, released over 30 years)	328
	<hr/>
	4,969

Yeovil College

BALANCE SHEET

as at 31 July 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	10	13,625	13,502
		<u>13,625</u>	<u>13,502</u>
Intangible assets			
Intangible assets	11	46	28
		<u>46</u>	<u>28</u>
Current assets			
Fixed asset held for disposal		-	-
Trade and other receivables	12	778	638
Cash and cash equivalents	17	2,023	1,127
		<u>2,801</u>	<u>1,765</u>
Less: Creditors – amounts falling due within one year	13	(3,699)	(3,009)
		<u>(898)</u>	<u>(1,244)</u>
Net current assets			
		<u>12,773</u>	<u>12,286</u>
Total assets less current liabilities			
Less: Creditors - amounts falling due after more than one year	14	(6,396)	(6,354)
Provisions			
Defined benefit obligations	16	(22,495)	(14,640)
Other provisions		-	-
		<u>(16,118)</u>	<u>(8,708)</u>
Total Net Liabilities			
		<u>(16,118)</u>	<u>(8,708)</u>
Unrestricted reserves			
Income and expenditure account		(21,087)	(13,759)
Revaluation reserve		4,969	5,051
		<u>(16,118)</u>	<u>(8,708)</u>
Total unrestricted reserves			
		<u>(16,118)</u>	<u>(8,708)</u>

Yeovil College

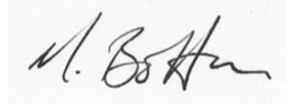
BALANCE SHEET *(continued)*

as at 31 July 2020

The financial statements on pages 29 to 55 were approved and authorised for issue by the Corporation on 3 December 2020 and were signed on its behalf on that date by:



Peter Thomas
Chair



Mark Bolton
Accounting Officer

Yeovil College
STATEMENT OF CASH FLOWS
for the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
Cash inflow from operating activities			
Deficit for the year		(728)	(1,194)
Adjustment for non cash items			
Depreciation and amortisation		1,044	1,033
Deferred capital grants released to income		(263)	(246)
Decrease in debtors	12	241	50
Increase in creditors due within one year	13	553	166
Decrease in creditors due after one year	14	-	-
Increase/(decrease) in provisions		-	-
Pension Finance cost		301	281
Payments outstanding to acquire fixed assets		(794)	(138)
Pension costs less contributions payable		872	743
Adjustment for investing or financing activities			
Interest receivable		(4)	(5)
Interest payable		214	228
Loss on sale of fixed assets		-	15
		<u>1,436</u>	<u>932</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Grant receipts		302	35
Investment income		4	5
Payments made to acquire fixed assets		(392)	(92)
		<u>(86)</u>	<u>(52)</u>
Cash flows from financing activities			
Interest paid	9	(214)	(228)
Repayments of amounts borrowed		(240)	(243)
		<u>(454)</u>	<u>(471)</u>
Increase/(Decrease) in cash and cash equivalents in the year			
		<u>896</u>	<u>409</u>
Cash and cash equivalents at beginning of the year	17	1,127	718
Cash and cash equivalents at end of the year	17	2,023	1,127

Yeovil College is a Further Education College. The principal place of operations is Mudford Road, Yeovil BA21 4DR.

1 Statement of Accounting Policies and Estimation Techniques

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 2015* (the 2015 FE HE SORP), the College Accounts Direction for 2018 to 2019 and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (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.

Going concern

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

The college currently has £3.7m of loans outstanding with bankers on terms negotiated in 2006. The terms of the existing agreement are for another 13 years. The college was in breach of one of its covenants in 2014-15 and is in discussion with its bankers to determine the basis and terms of establishing new covenants during 2020-21. The bank has confirmed that it is not seeking repayment of the loan, with the condition that a new loan agreement establishing new covenants is in place by 30th November 2020. The college’s forecasts and financial projects indicate that it will be able to operate within the existing loan facility and proposed new covenants for the foreseeable future.

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

Recognition of income

Revenue grant funding

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 achievement for the Adult Education 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 HEFCE represents the funding allocations attributable to the current financial year and is credited direct 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.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model 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.

Fee Income

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

Investment income

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

Agency arrangements

The college acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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.

Teachers' Pension Scheme

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 there is insufficient information available to use defined benefit accounting. 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.

Somerset County Council Pension Fund (LGPS)

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 interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial 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 actuarial cost of any enhanced ongoing pension to a former member of staff is paid by the 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.

Non-current Assets – Tangible fixed assets

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment costs. 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 life up to 30 years. Refurbishment and major adaptations to buildings are depreciated over the period of their expected useful life.

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the college of between 20 and 50 years. The college has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. Any related Government 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.

On adoption of FRS 102, the college followed the transitional provision to retain the book value of buildings. Land was revalued as at 1 August 2015. A policy of revaluation has not been adopted.

▪ **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 the income and expenditure account 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 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:

- technical equipment – 7 years
- furniture, fixtures and fittings – 7 years
- motor vehicles – 5 years
- computer equipment – 5 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Intangible Assets

Under section 18 of FRS 102, software purchases and development costs are recognised as intangible assets. These are capitalised and amortised as for fixed assets above, but disclosed separately under intangibles.

Borrowing costs

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

Leased assets

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

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

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

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

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 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.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

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 3% 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.

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.

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 whether there are indicators of impairment of the group's tangible assets, including goodwill. 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.

Yeovil College
 NOTES TO THE ACCOUNTS
 for the year ended 31 July 2020

Other key sources of estimation uncertainty

▪ **Tangible fixed assets**

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

▪ **Local Government Pension Scheme**

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 will impact the carrying amount of the pension liability. The assumption surrounding pay increase was reduced in the valuation, resulting in a change of the carrying amount of the pension liability at 31 July 2020.

2 Funding body grants

	2020	2019
	£'000	£'000
Recurrent Grants		
Education & Skills Funding Agency	7,223	7,114
Office for students	90	98
Specific Grants		
Education & Skills Funding Agency	3,918	3,331
Releases of government capital grants	239	222
Teacher Pension Scheme Contribution Grant	271	-
Office for Students grant	13	13
	<hr/>	<hr/>
Total	11,754	10,778
	<hr/> <hr/>	<hr/> <hr/>

3 Tuition fees and education contracts

	2020	2019
	£'000	£'000
Adult education fees	697	1,229
Apprenticeship fees and contracts	184	67
Fees for FE loan supported courses	333	373
Fees for HE loan supported courses	898	809
International students fees	16	18
Total tuition fees	<hr/> 2,128	<hr/> 2,496
Education contracts	<hr/> 361	<hr/> 431
Total	<hr/> 2,489 <hr/>	<hr/> 2,927 <hr/>

Yeovil College
 NOTES TO THE ACCOUNTS
 for the year ended 31 July 2020

4 Other grants and contracts

	2020 £'000	2019 £'000
Other grant funding	65	-
Coronavirus Job Retention Scheme Grant	170	-
Total	235	-

Other grant funding includes the contribution from The Edge Foundation towards improvements for the clinical skills suite.

The corporation furloughed 74 individuals during the coronavirus pandemic, this included staff from the Children's centre, learning support practitioners and administration roles within business support and curriculum areas, grant funding was received under the government's Coronavirus Job Retention Scheme, the college funded any shortfall in salary to the individuals not covered by the grant. The funding received in respect of these 74 staff of £170k relates to staff costs which are included within the staff costs note below as appropriate.

5 Other Income

	2020 £'000	2019 £'000
Lettings	7	16
Examinations	30	43
Release of non government capital grants	11	11
Insurance Claims	-	7
Children's Centre	323	395
Other income	389	339
Total	760	811

6 Endowment and Investment Income

	2020 £'000	2019 £'000
Bank interest receivable	4	5
Total	4	5

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2020

7 Staff Costs

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

	2020 Number	2019 Number
Teaching	159	157
Non teaching staff	195	190
	<u>354</u>	<u>347</u>

Staff costs for the above persons

	2020 £'000	2019 £'000
Wages and salaries	7,553	7,296
Social Security costs	653	636
Other pension costs (includes FRS102 (28) £872,000, 2019 £743,000)	2,233	1,804
	<u>10,439</u>	<u>9,736</u>
Payroll sub total	10,439	9,736
Contracted out staffing services	74	153
	<u>10,513</u>	<u>9,889</u>
Fundamental restructuring costs - contractual	0	0
- non contractual	22	44
	<u>10,535</u>	<u>9,933</u>

The severance pay costs were approved by the Principal who was delegated responsibility by the Corporation.

The Corporation does not have any salary sacrifice arrangements in place.

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2020

7 Staff costs (continued)

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 Senior Post Holders which comprises the Principal, Vice Principal Curriculum & Quality and Vice Principal Finance & Resources.

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

	2020 Number	2019 Number
The number of key management personnel including the Accounting Officer was:	<u>3</u>	<u>3</u>

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

	Key Management Personnel		Other staff	
	2020 Number	2019 Number	2020 Number	2019 Number
£70,001 - £75,000	2	2	-	-
£120,000 - £125,000	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2020 £'000	2019 £'000
Salaries – gross of salary sacrifice and waived emoluments	271	267
Employers National Insurance	33	34
	<u>304</u>	<u>301</u>
Pension contributions	50	42
Total emoluments	<u>354</u>	<u>343</u>

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

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2020

7 Staff costs (continued)

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

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

	2020 John Evans	2020 Mark Bolton	2020 £'000 Total	2019 £'000
Salaries	23	100	123	121
Benefits in kind	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	23	100	123	121
	<hr/>	<hr/>	<hr/>	<hr/>
Pension contributions	4	24	28	20
	<hr/>	<hr/>	<hr/>	<hr/>
Accounting officers basic salary : median pay of all other Corporation employees (FTE basis)			5.8	6.0
Accounting officers total emoluments* : median pay of all other Corporation employees (FTE basis)			6.7	6.6

*Accounting officers values divided by the costs wages and salary costs (and pensions) which is based on an FTE basis

John Evans (Principal) left the role on 30th September 2019. Mark Bolton was appointed to the role of CEO and Principal effective 1st October 2019

The Corporation's Finance and Remuneration Committee meets annually to review the pay of the accounting officer. The Accounting Officer's annual and mid-year appraisals are considered, alongside the SPH benchmarking information provided by the AoC Senior Pay Survey. Any pay review of the accounting officer is only considered in tandem with that of the whole corporation. Recommendations are then reviewed by the corporation.

There are no other members of staff who receive emoluments greater than £60,000 in the year on a full-time or pro-rata basis.

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2020

8 Other operating expenses

	2020	2019
	£000	£000
Teaching costs	1,117	1,443
Non teaching costs	1,879	1,772
Premises costs	880	1,010
	<u>3,876</u>	<u>4,225</u>
Total	<u>3,876</u>	<u>4,225</u>

Other operating expenses include:

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	20	20
Internal audit	15	19
Other services provided by the financial statements auditors	-	-
Other services provided by the internal auditors	-	-
Hire of plant and machinery under operating leases	-	-
	<u>50</u>	<u>58</u>

9 Interest and other finance costs

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans:	214	228
	<u>214</u>	<u>228</u>
On finance leases	-	-
Net interest on defined pension liability (note 19)	301	281
	<u>301</u>	<u>281</u>
Total	<u>515</u>	<u>509</u>

Yeovil College
 NOTES TO THE ACCOUNTS
 for the year ended 31 July 2020

10 Tangible Fixed Assets

	Land & Buildings Freehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2019	23,643	2,660	-	26,303
Additions	95	1,045		1,140
Reclassification of assets	-	-	-	-
Disposals	-	-		-
At 31 July 2020	23,738	3,705	-	27,443
Depreciation				
At 1 August 2019	10,552	2,250	-	12,802
Charge for the year	845	171	-	1,016
Impairment charges	-	-	-	-
Elimination in respect of disposals		-	-	-
At 31 July 2020	11,397	2,421	-	13,818
Net Book Value				
At 31 July 2020	12,341	1,284	-	13,625
Net Book Value At 31 July 2019	13,111	391	-	13,502

Land and buildings were valued as at 1st August 2014 at depreciated replacement cost by GVA Grimley, a firm of independent chartered surveyors.

Yeovil College
 NOTES TO THE ACCOUNTS
 for the year ended 31 July 2020

11 Intangible Fixed Assets

	Software £'000
Cost or valuation	
At 1 August 2019	216
Additions	46
Disposals	-
	<hr/>
At 31 July 2020	262
	<hr/>
Amortisation	
At 1 August 2019	188
Charge for the year	28
Elimination in respect of disposals	-
	<hr/>
At 31 July 2020	216
	<hr/>
Net book value at 31 July 2020	46
	<hr/> <hr/>
Net book value at 31 July 2019	28
	<hr/> <hr/>

12 Trade and other receivables

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade receivables	173	192
Prepayments and accrued income	420	135
Amounts owed by ESFA	185	311
	<hr/>	<hr/>
Total	778	638
	<hr/> <hr/>	<hr/> <hr/>

Yeovil College
 NOTES TO THE ACCOUNTS
 for the year ended 31 July 2020

13	Creditors: amounts falling due within one year	2020	2019
		£'000	£'000
	Bank loans and overdrafts	262	249
	Payments received in advance	839	585
	Trade payables	249	330
	Other taxation and social security	322	293
	Accruals and deferred income	1,410	1,038
	Amounts owed to the ESFA	-	21
	Capital grants	386	262
	Holiday pay accrual	231	231
	Lease liability	-	-
	Other creditors	-	-
	Total	3,699	3,009
		<u><u> </u></u>	<u><u> </u></u>
14	Creditors: amounts falling due after one year	2020	2019
		£'000	£'000
	Bank loans	3,468	3,721
	Long term Creditor	-	-
	Deferred capital grants	2,928	2,633
	Total	6,396	6,354
		<u><u> </u></u>	<u><u> </u></u>
15	Maturity of debt		
	Bank loans and overdrafts		
	Bank loans and overdrafts are repayable as follows:		
		2020	2019
		£'000	£'000
	In one year or less	262	249
	Between one and two years	277	262
	Between two and five years	929	878
	In five years or more	2,262	2,581
	Total	3,730	3,970
		<u><u> </u></u>	<u><u> </u></u>

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2020

The bank loan is secured on the freehold land and buildings of the college (£3,730,000 outstanding). The loan had been fixed at a rate of 5.570% and is repayable by instalments falling due between 1 June 2010 and 3 March 2031. Whilst the College is still technically in breach of one of its banking covenants, since 2014-15, these were reset on 30th November 2020. The bank is not looking to see repayment of the loan and therefore the majority of the loan continues to be recognised as a long term liability. At the point of resetting the covenants the fixed rate increased to 7.57% due to an increase in the bank's margin rate, the capital repayments profile remained the same.

16 Provisions

	Defined Benefit Obligations £'000	Other £'000	Total £'000
At 1 August 2019	14,640	-	14,640
Expenditure in the period	(567)	-	(567)
Transferred from income and expenditure	8,422	-	8,422
	<u>22,495</u>	<u>-</u>	<u>22,495</u>
At 31 July 2020	<u>22,495</u>	<u>-</u>	<u>22,495</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 20.

17 Cash and cash equivalents

	At 31 July 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Cash and cash equivalents	1,127	896	2,023
Overdrafts	-	-	-
	<u>1,127</u>	<u>409</u>	<u>1,127</u>
Total	<u>1,127</u>	<u>409</u>	<u>1,127</u>

18 Capital commitments

	2020 £'000	2019 £'000
Commitments contracted for at 31 July	794	75
	<u>794</u>	<u>75</u>

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 NOTES TO THE ACCOUNTS
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19 Lease Obligations

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

	2020 £'000	2019 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other		
Not later than one year	19	20
Later than one year and not later than five years	6	25
Later than five years	-	-
	<u>25</u>	<u>45</u>
	<u>25</u>	<u>45</u>
Total lease payments due	<u>25</u>	<u>45</u>

Other leases refers to multi-function devices.

20 Defined benefit obligations

The college's employees belong to two principal post-employment benefit plans: the Teachers' Pensions 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 Somerset County Council Pension Fund. Both are multi-employer defined-benefit plans.

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

Total pension cost for the year	2020	2019
	£'000	£'000
Teachers' Pension Scheme: contributions paid	808	572
Local Government Pension Scheme:		
Contributions paid	567	522
FRS 102 (28) charge	<u>872</u>	<u>743</u>
Charge to the Statement of Comprehensive Income	1,439	1,265
Enhanced pension charge to Statement of Comprehensive Income	<u>-</u>	<u>-</u>
Pension Cost for Year	<u>2,247</u>	<u>1,837</u>
Additional pension strain costs included in redundancy	<u>-</u>	<u>-</u>
Total Pension Cost for the Year	<u>2,247</u>	<u>1,772</u>

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

There were outstanding contributions at the end of the financial year. Contributions amounting to £62,000 (2019: £53,000) were payable to the scheme and are included in creditors.

Teachers' Pension Scheme

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

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

20 Defined benefit obligations (continued)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £810,000 (2019: £572,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Somerset County Council. The total contributions made for the year ended 31 July 2020 were £776,000, of which employer's contributions totalled £567,000 and employees' contributions totalled £209,000. The agreed contribution rates for future years are 16.4% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.70%	3.85%
Future pensions increases	2.20%	2.35%
Discount rate for scheme liabilities	1.40%	2.10%
Inflation assumption (CPI)	2.20%	2.35%
Commutation of pensions to lump sums	50%	50%

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 NOTES TO THE ACCOUNTS
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20 Defined benefit obligations (*continued*)

Local Government Pension Scheme (*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 years	At 31 July 2019 years
<i>Retiring today</i>		
Males	23.3	22.9
Females	24.8	24.0
<i>Retiring in 20 years</i>		
Males	24.7	24.6
Females	26.2	25.8

The 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 £'000	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019 £'000
Equity Instruments	70.0%	16,623	71.0%	15,975
Debt Instruments	16.0%	3,907	15.0%	3,399
Property	8.0%	1,922	9.0%	1,890
Cash	6.0%	1,258	6.0%	1,382
Total market value of assets		23,710		22,646
		443		1,266
Actual return on plan assets				

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

	2020 £'000	2019 £'000
Fair value of plan assets	23,710	22,646
Present value of plan liabilities	(46,205)	(37,286)
Net pensions liability (Note 16)	(22,495)	(14,640)

Yeovil College
 NOTES TO THE ACCOUNTS
 for the year ended 31 July 2020

20 Defined benefit obligations (*continued*)

Local Government Pension Scheme (*continued*)

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	(1,422)	(1,146)
Past service cost	-	(101)
Administrative expenses	(17)	(18)
	<u>(1,439)</u>	<u>(1,265)</u>
Total	<u><u>(1,439)</u></u>	<u><u>(1,265)</u></u>
Amounts included in investment income		
	2020 £'000	2019 £'000
Net interest income	(301)	(281)
	<u>(301)</u>	<u>(281)</u>
	<u><u>(301)</u></u>	<u><u>(281)</u></u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	(34)	701
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	(6,648)	(3,468)
	<u>(6,682)</u>	<u>(2,767)</u>
Amount recognised in Other Comprehensive Income	<u><u>(6,682)</u></u>	<u><u>(2,767)</u></u>

Yeovil College
 NOTES TO THE ACCOUNTS
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20 Defined benefit obligations (*continued*)

Local Government Pension Scheme (*continued*)

Movement in net defined benefit liability during the year

	2020 £'000	2019 £'000
Deficit in scheme at 1 August	(14,640)	(10,849)
Movement in year:		
Administrative expenses	(17)	(18)
Current service cost	(1,422)	(1,247)
Employer contributions	567	522
Settlements and curtailments	-	-
Past service cost	-	-
Net interest on the defined liability	(301)	(281)
Actuarial gain/(loss)	(6,682)	(2,767)
Net defined benefit liability at 31 July	(22,495)	(14,640)

Asset and Liability Reconciliation

	2020 £'000	2019 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	37,286	32,083
Current Service cost	1,422	1,146
Interest cost	778	846
Contributions by Scheme participants	209	189
Change in financial assumptions	5,726	5,420
Past service cost, including curtailments	-	101
Change in demographic	(107)	(1,952)
Experience gain on defined benefit obligation	1,532	-
Liabilities extinguished on settlements	-	-
Estimated benefits paid net of transfers in	(641)	(547)
Defined benefit obligations at end of period	46,205	37,286

Yeovil College
 NOTES TO THE ACCOUNTS
 for the year ended 31 July 2020

20 Defined benefit obligations (*continued*)

Reconciliation of Assets

	2020 £'000	2019 £'000
Fair value of plan assets at start of period	22,646	21,234
Interest on plan assets	477	565
Return on plan assets less interest	(34)	701
Other actuarial gains/losses	503	-
Administration expenses	(17)	(18)
Employer contributions	567	522
Contributions by Scheme participants	209	189
Estimated benefits paid	(641)	(547)
Settlement prices paid	-	-
	<u>23,710</u>	<u>22,646</u>

21 Related Party Transactions

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

There have been £79.85 in expenses paid to or on behalf of Governors during the year (2019: £0). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending governor meetings and charity events in their official capacity.

No governor has received any remuneration or waived payments from the college during the year (2019: None).

The College makes purchases of building materials for both the provision of teaching and maintenance of the estate from Bradfords Building Supplies, a company which Mr Lee Harwood, a college governor, is a director. Purchases totalling £14,358.30 were made during the year.

Education and training services were supplied to Intelligent Enterprise Products Limited, a company which Jagter Ner, a college governor is a director, for £4,000.

Education and training services were supplied to Yarlinton Housing Group, a company which Sam Leigh, a college governor is a director, for £1,300.

Yeovil College
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22 Amounts Disbursed as Agent

Learner Support Funds

	2020 £'000	2019 £'000
Funding body grants – bursary support	232	229
Funding body grants – discretionary learner support	43	63
	<u>275</u>	<u>292</u>
Disbursed to students	(220)	(235)
Administration costs	(12)	(11)
	<u> </u>	<u> </u>
Balance unspent as at 31 July, included in creditors	<u>43</u>	<u>46</u>

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

23 Access and Participation

	2020 £'000	2019 £'000
Access	29	-
Disability Support	11	-
Evaluation Investment	1	-
Bursary/Hardship	14	-
	<u> </u>	<u> </u>
Total Access and Participation costs	<u>55</u>	<u>-</u>

Staff costs relating to Access and Participation totalled £34k for the year, included above, these are disclosed within note 7.