

Members' report and Financial Statements

For the year ended 31st July 2021



HCUC

**A merger between
Uxbridge College
and Harrow College**

Members' report and financial statements

Contents

Members' report	1
Statement of Corporate Governance and Internal Control	13
Statement of Regularity, Propriety and Compliance	20
Statement of Responsibilities of the Members of the Corporation	21
Independent Auditor's Report on the Financial Statements	22
Independent Reporting Accountant's Report on Regularity	26
Statement of Comprehensive Income	28
Statement of Changes in Reserves	29
Balance sheet	30
Statement of Cash Flows	31
Notes to the Financial Statements	32

Members' report

The members present their report and the audited financial statements for the year ended 31 July 2021.

Governing Body

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

Mission Statement

We create choice, opportunities and success. Your future is our priority.

Public Value Statement

Our aim is to meet the education & training needs of learners, employers and the wider community, raising skills levels, contributing to economic growth and maximising individual potential.

Public benefit

HCUC is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 14.

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

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

- High quality teaching
- Excellent progression to higher education or employment for students
- Widening participation and tackling social exclusion
- Strong student support systems
- Links with employers, industry and commerce.

Strategic aims

The strategic plan 2018-21, has served the College following the merger in August 2017 of Harrow with Uxbridge. The strategic plan includes an accommodation strategy and financial forecasts. The Governing Body monitors the performance of the College against these plans, which are reviewed and updated each year. Discussions relating to a proposed merger with RuTC have been underway and a strategic plan for 2022-2025 period has been developing accordingly.

The key strategic aims of the College, have been adjusted following consultation, and are expressed as follows during this transition period:

- To be recognised for high quality teaching, learning, assessment and support that leads to outstanding learner attainment and progression opportunities
- To maintain a strong financial profile in order to effectively resource provision and ensure a secure future for HCUC ensure a secure future for the College group.
- To recruit, nurture and equip a professional staff workforce that is able to deliver the College's strategic agenda
- Deliver a comprehensive and high quality programme of education & training that meets the needs of and delivers success to its learners, employers and communities in the local areas we serve and beyond

- To work collaboratively with partners to address identified local and regional skills needs to contribute to economic growth and sustainable community development

Objectives

The College's specific objectives for 2020/21 and achievement of them are summarised below:

- the College achieved 5,731 16-18 learners against a target of 6,052; Both Harrow and Uxbridge were under target, Harrow was at 1,571 against a target of 1,816, and Uxbridge at 4,160 against a target of 4,236;
- the College achieved £31,877,179 of 16-18 funding against an allocation of £33,992,762; Harrow achieved £8,601,478 against a target of £9,969,377, with Uxbridge achieving £23,275,701 against a target of £24,023,385.
- Destinations: are positive and robustly tested. Leaders have been self-critical in what can, if not robustly interrogated, be an arbitrary measure. A very high 95% of destinations are positive with 79% meeting the HCUC gold standard (related filed to area of study) as a further internal measure to drive curriculum development at the college.
- HCUC 16-18 QAR is high and 0.5% up on 2018/19 (last pre-C19 comparable data set though is below 2019/20 (89.7%) it is significantly above NA (83.4%). It is high across both constituent colleges- HC 89.5% (88% 2018/19, 89.9% 2019/20) and UC 88.2% (87.5% 2018/19, 89.5% 2019/20). 16-18 learners headline QAR is high very at 88.6% and is significantly above the NA (83.4%). This reflects a positive five-year trend and is improved on HCUC's DfE rating as best 16-18 QAR in London for both 2018/19 & 2017/18.
- 19+ headline QAR 2020/21 is at 89.0% - this remains high though is down on last year due to ESOL and Functional Skills Ofqual assessment decisions. It has been performing at this high level for four years. It is above both the less relevant NA (89.9%) and importantly the weighed NA (89.3%). The 0.6% difference between the 19+ NA and HCUC's weighted-NA evidences through national data that the HCUC offer is a more challenging curriculum vs. other providers.
- Consistency is high across both constituent colleges.
- Overall WBL QAR is significantly improved at 70.4% (63.6% 2019/20), is well above NA. As WBL continues to improve it will remain an AFI. WBL outcomes were impacted on significantly by COVID. HCUC has made good progress to be both above Minimum Standards (22.5% vs the 40% of overall provision threshold).
- Adjusted cash days in hand at 31 July 2021 were 230.0 against a target of 182.0;
- the current ratio was 2.48:1 against a target of 2:43:1
- accumulated reserves were 151% of income against a target of 142%;
- EBITDA as a % of income, education specific was 14.66% (2020: 13.18%)

Financial Strategy

The College's financial policy is to deliver a sound forward planning framework that takes into account the specific challenges the College faces in the 2021-22 period and to achieve the College's overall financial plan by ensuring that decisions within our corporate development plans are grounded in commercial reality.

The principal strategies for achieving these objectives are to maintain high levels of staff efficiency, to achieve good value for money for all non-pay costs, to reduce reliance on Agency income and to maintain excellent financial monitoring procedures.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The ESFA Financial Health Calculator produces a financial health grading, and the College continues to be rated Outstanding.

Financial Results

These financial statements cover the financial period 1 August 2020 to 31 July 2021. The Governing Body is pleased to report another successful year in which the financial objectives continue to be met.

The College generated an operating surplus for the period of £2,384,000 (2020: £3,434,000). The balance on the income and expenditure account excluding pension reserve stands at £81,968,000 (2020: £77,162,000)

The College has accumulated reserves of £42,881,000, non-current assets of £109,073,000 and cash balances of £29,070,000.

Fixed asset additions during the year amounted to £8,062,000 (2020: £16,558,000). This includes land and buildings development of £5,676,000 (2020: £4,315,000), and equipment of £2,386,000 (2020: £1,264,000). Projects include completion of the Armstrong Building at Harrow Weald, the Institute of Technology building at Uxbridge. Equipment additions and replacements relating to the IT infrastructure on all campuses, including laptops, PCs and mobile devices, and specialised equipment required for the curriculum.

The College has significant reliance on Agency funding, with total Agency funding accounting for 85.6% (2020: 82.7%) of income.

Despite HCUC showing a strong financial performance in year, COVID 19 has adversely affected the financial results. The following income streams were affected – Other Income £321,000, Commercial activity £260,000, Work-Based Learning Provision £749,000. There were also additional costs of £140,000 incurred in relation to PPE purchased. There were savings in staffing of £58,000 due to HMRC Coronavirus Job Retention Scheme.

Treasury policies and objectives

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

The College's financial regulations detail the institutions the College is authorised to use, and a separate treasury management policy is in place.

Cash flows

At £9.7 million inflow (2020: £0.6 million outflow), operating cash continued to be very strong during the period. The operating cash inflow resulted higher adult provision, alignment of staff to curriculum requirements, receipt of Capital Grants offset by fixed asset additions.

Liquidity

The revolving credit facility was not utilised based on strong operating cash flow in year.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Funding target

The College is funded by the Agencies according to agreed student numbers and student activity targeted for the period. In 2020/21, the College did not meet its 16-18 learner numbers target by 321 learners and achieved £31,877,180 against its funding of £33,992,762. The 19+ adult single allocation was exceeded due to increase in English & Maths and ESOL provision. The work based learning funding targets for both 16-18 and 19+ were not achieved by £330,000 and £511,000 respectively due to COVID-19.

The breakdown between the Colleges was as follows:

	16-18 year olds			19+		
	Actual	Target	Variance	Actual	Target	Variance
Harrow	£8,601,478	£9,969,378	-£1,367,900	£3,817,204	£3,778,429	£38,775
Uxbridge	£23,275,702	£24,023,384	-£747,682	£3,137,195	£3,001,499	£135,696
HCUC	£31,877,180	£33,992,762	-£2,115,582	£6,954,399	£6,779,928	£174,471

Student numbers

In 2020/21 the College delivered activity that has produced £47,517,000 in Agency main allocation funding (2019/20 – £43,775,000). The College achieved 5,731 16-18 learners against a target of 6,052 which will impact the funding allocation for 2021/22.

Student retention

16-18 student retention is high at 92.8% and achieved against a target of 92% (NA 90.4%) and 19+ at 93.5% against a target of 92% (WNA 94.5% TBC will need to be understood when the 2020/21 is published); Harrow achieved 93.2% for 16-18 and 93.7% for 19+, with Uxbridge achieving 92.6% for 16-18 and 93.3% for 19+.

Qualification Achievement Rates

The College has maintained the very high standards of achievement in the current year. While the figures for 2020/21 will not be finalised until 28th October, those presented below are a complete data set and will mirror those submitted in the final ILR on that day.

2020/21 16-18 QAR is significantly above NA and at the high 2018/19 QAR level (last published sets of data) at 88.5%, is significantly above the NA (83.4%), and is consistent across Qualification types and SSAs.

Consistency across HCUC is very good, including between the constituent colleges, subject areas and qualification types. To ensure consistency across HCUC's full provision, the college will continue to measure its performance using wider comparisons at Qualification Type by Age, Level and Subject Sector Area (SSA) at both the HCUC and local college level.

Consistency is high across both constituent colleges - HC 89.5% (88% 2018/19, 89.9% 2019/20) and UC 88.2% (87.5% 2018/19, 89.5% 2019/20). Similarly, for 19+ both constituent colleges have high 19+ QAR over five years (HC 90.1% and UC 88.0%) – this will be tested when the 2020/21 WNAs are provided as the current NA data set are pre-C19.

The WBL 20/21 overall QAR is now settled for HCUC in line with predictions at 70.4%, (19/20 National Average 64.2%). These outcomes bring us back into line with 18/19 QAR pre pandemic. Going forward there remains a focus on ensuring the effective leadership and management across the provision, robust IAG, individualised planning and delivery and strong support apprentices, whilst remaining focused on raising the quality of provision that falls under the new Technical Apprenticeship School

Teacher Qualifications

In 2020/21 80% of the permanent College teaching staff was fully qualified, (2019/20, 82%) in line with the College's own target, with 100% of staff either fully qualified or undertaking training.

Links with Employers and Enterprise

The College engages with employers through a broad range of activities and these collaborations are mutually beneficial in meeting the employers' community commitment, supporting their workforce development and enriching the learner experience. The impact of COVID has seen a significant impact on our continued delivery of apprenticeships and support for the unemployed. However, it was also an opportunity to test remote delivery to JCP claimants.

The new models of delivery piloted in 20/21 were very successful. QAR for remote and blended delivery were remained high and increased opportunities for study in differing ways. The next set of paragraphs gives an overview of work we do with employers, JCPs and other stakeholders.

Some of the partnerships are significant in their depth of anticipated outcomes; the Heathrow Skills Partnership provides opportunities for new apprenticeships, work experience for full time students including extended industry placements and employment and skills opportunities for adult learners and whilst work at the airport has been significantly disrupted, the partnership remains strong. Equally, the employer partnerships created by the West London Mayors' Construction Academy Hub (of which we collaborate) will generate increased employment and work experience opportunities in London in the sector.

The College was successful in retaining the London Mayor's Construction Academy Quality Kite Mark, endorsed by some of our employers in the sector in recognition of how we our provision and its quality meets the needs of the sector. The College remains an active member of the West London MCA Hub. The College is embedding its relationship with the North West London NHS Trust to again, address the skills gaps across all roles within the NHS through apprenticeships, upskilling existing employees and through work experience and had planned a new pilot programme to start at Ealing Hospital in March 2021 which was postponed due to COVID.

However, the College is a member of the West London Health and Care Group (all FE colleges represented) to take forward a more strategic approach to supporting the workforce needs of the NHS in West London. This regionally based work has been strengthened and extended across the four priority sectors within West London; digital, green, creative and health and care through the FE/HE working groups steered by the West London Alliance. HCUC is represented at each of the subgroups, co-chairing two digital and health and care. The groups have focused primarily on career progression and progression agreements, employer engagement, flexible and modular delivery and apprenticeships. It is also an intention for the groups findings to feed into government consultations.

The London Mayor has built on the success of the MCAs, expanding the initiative across these four sectors. HCUC is partnering on three of four sectors. The additional funding awarded through the GLA under the Good Work for All and the College Collaboration Fund enables the college to respond to the skills agenda in the health and care sector specifically.

Further to this significant partnership work, locally, we engage with employers to support the curriculum. We have over 500 employers engaging with apprentices, work experience provided for over 4,000 FT students across HCUC, support with curriculum design, enterprise challenges, employer branded assignments, commissioned projects, guest lectures, workshops, workplace visits and knowledge exchange. Although our work placements were significantly interrupted due to COVID prior to lockdown we were on target to meet general work placements though SIPs were more challenging.

HCUC's Apprenticeships and Skills arm, ensures the College secures its position as the largest FE apprentice provider in West London offering 30 standards across diverse sectors and constantly adding new areas to meet employer demand. The majority of our provision is level 3 and above delivery to 600+ apprentices at any one time. The new 'Technical and Apprenticeship School' was launched in 20/21. The consolidation of the provision to improve quality and flexibility continues into 21/22.

In addition to the support we receive from employers for our full time learners, our Employer Advisory Board drives the relevance of our curriculum of the West London Institute of Technology. Along with our Anchor Employers, Heathrow and Fujitsu and supported by Brunel University and West London Business, the expertise of the wider employer board ensures we are providing a highly relevant curriculum and student experience. For example, employers aligned to sector curriculum areas reviewed all qualifications and said they were fit for purpose. The also identified essential skills develop and gaps in curriculum e.g. BIM in construction.

We continue to work with employer bodies such as Hillingdon and Thames Valley Chambers of Commerce and West London Business and are exploring partnerships with the Watford and North West London Chambers of Commerce to identify and address future skills needs at regional levels and support events such as Hillingdon Business Expo and West London Business Awards (where our Apprentices are frequently highly commended or winners).

The success and demand for the Hayes Business Studios led to the opening of an 11th studio, providing space for new businesses and is at 100% occupancy. This success continues for 20/21 and the College agreed to waiver 3 months rent to support the businesses in the summer months of 2021.

Curriculum Developments

The College has well developed 16-19 Study Programmes offering learners a balanced curriculum centered around a main vocational or academic qualification and maturing & expanding pilots to meet national qualification reform (T-Levels, the Transition Programme). T-level reforms continue to evolve at HCUC will expand its offer further again from 2021/22. HCUC has a significant emphasis on developing employability skills, in particular work ready skills and Maths & English. For 2020/21 they now make up 43% percent of all 16-18 learner aim starts and the resources to deliver this have been revised and deployed accordingly. The former ensures an emphasis on providing students with experience of the world of work, including direct work experience, significant industry placements (incl. the 2020/21 Capacity Development 4 Fund project) and opportunities to develop higher study skills as independent learners.

In 2021/22, The White Paper/Skills for Jobs has further focused HCUC's drive to present an skills/employer responsive curriculum, one that is ratified through our employer partnership activity which while strong must now further develop. The College continues to adjust its curriculum portfolio in line with the demands of learners and industry- and this is reflected in Ofsted terms as Curriculum Intent. There is a very good match between College provision and the declared LEP and WLA priority sector areas & 86% 2020/21 FT courses have a named/significant employer link. Further 2020/21 capital investment in specialist kit supports STEM as a key area of the College's provision and new Institute of technology wing, with Schools of Engineering (Technology & Innovation and Mechanical & Electronic) and Science maintaining significant provision and strengthening links with and progression into employment.

The College's Academic (A levels/GCSE), Computing, Business (though some shrinkage here on 2020/21) curriculum areas remain popular with a notable increase in Construction students into 2021/22 also. ESOL (adult growth continues) and part-time English & Maths is strengthening across HCUC. Science (notably GCSE) & ESOL 16-18 areas have seen a drop in learner numbers it is felt the former is linked to the impact of Teacher Assessed Grade inflation moving proportions of students from their natural L1/2 progression route at HCUC and into L3 and therefore retained by schools (expected to be a single year blip). The latter ESOL 16-18 was thought to be a more longstanding Brexit challenge though UC ESOL has grown into 2021/22.

The College has continued to offer its HE provision which also serves to provide further progression for the College's existing students. There has been a noticeable increase in competition from HE institutions over recent years following the lifting of the HE learner number cap. Strong links with Universities such as Brunel University, Bournemouth University, Buckinghamshire New University and Westminster University have been maintained and these enable students in some higher level courses to progress to second or final year degree courses. In response to increasing emphasis on Basic English & Maths and despite the constrained funding environment, the College has maintained a consistent, School based management structure to oversee this work across HCUC. The College has very little reliance on sub-contracted partnership work though there has been a slight increase in 2020/21.

Staff and student involvement

The College considers good communication with its governing body, staff and students to be critical. A class representation system operates, and students participate on a regular basis in the "Student Voice" and Special Interest Groups, whereby their views are sought on many areas of the College. Student governors attend the SSC and Corporation governing body groups. In addition, a successful Student Council is in place, representing the views of all students across all campuses and key messages are corroborated in SLT Group Reviews and college wide learner surveys. A regular newsletter is published for distribution to all staff and students. In addition to representation on the Governing Body, the College encourages staff and student involvement through membership of appropriate committees and Stakeholder and Scrutiny Groups. Finally, the College undertakes two HCUC wide student surveys at the beginning and mid-point of the year. All activity listed including significant CPD 2020/21 and a further heightened approach to staff engagement captures topical context; for example the MSTEams launch late 2020/21, remote TLA delivery, student wellbeing or Covid 19 safety awareness.

Future Prospects

The College is also planning an increase in adult enrolments to the West London Institute of Technology (WLIoT) for September 2021 onwards. In order to meet this future planned growth for the WLIoT the College has been awarded a capital grant for the Uxbridge campus to reconfigure the car park, provide a new building for displaced provision and refurbishment and expansion of Engineering, Construction and IT curriculum areas in 19/20. Planning permission was granted in March 2019 and work began in July 2019.

As of July 2021 the College was on track to complete building work though agreement on specialist equipment had been delayed due to COVID and lead-in times. The College could also see impact of COVID on student numbers for 20/21 and had started a discussion with the DfE on confirming numbers for future years due to this and the fact that the roll out of IoTs across the country has been slower and there was no national campaign to promote the IoTs. However, a new role – Senior Marketing Executive had been appointed to in July 2021 to renew focus on marketing across west London.

During the budget setting stage for 2021/22, the financial impact from COVID-19 to the various similar income streams, delivery model and further additional costs incurred in relation to control measures was included.

Despite a prudent budget that was set, the College's financial profile remains strong and meets the financial requirements set in the strategic aims.

Resources

Financial

The College continues to be financially stable, having ensured that efficiencies and value for money are embraced collegewide. It is well placed to meet the many priorities and funding restrictions set out by the Agencies, whilst adapting to comply with and benefit from statutory, regulatory and policy changes facing the sector.

The College has £42.9 million of net assets (2020: £41.2 million) including £43.7 million pension liability (2020: £40.6 million).

RESERVES

The College has a cash reserve policy calculated at £12m which is considered sufficient to meet its contractual liabilities in the event of a substantial financial shock which may arise from COVID-19. This is to cover unexpected gaps in income and costs associated with COVID-19 and BREXIT. The reserve policy is reviewed annually to be in line with current affairs.

People

The College employs 615 people FTE (2020: 610) of whom 351 or 57% are academic staff (2020: 336 or 55%).

Reputation

The College has an excellent reputation locally and nationally. HCUC was rated first for London Colleges for success rates for 16-18 year olds in 2019/20 and achievements for 2019/20 has improved.

GOING CONCERN

The College has carried out a formal assessment of the going concern principle in preparing for the signing the financial statements. This assessment includes the financial position and reserves as at 31st July 2021, cash and investment balances and cash flow for the next 12 months, the 2021/22 budget approved by the Corporation, level of student recruitment in 2021/21 and known liabilities and commitments in the next 12 months. The Corporation considers the College has adequate resources to continue in operational existence for the foreseeable future.

The financial impact of COVID-19 is summarised within the Corporate Goals monitoring schedule which is reviewed by FGB on a termly basis, which includes any mitigation required to reduce the financial impact and being able to continue to operate as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of any new areas of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. 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.

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

1. Government funding

The College has considerable reliance on continued government funding through the education sector funding bodies and Office for Students (OFS). In 2020/21, 85.5% (2020: 82.7%) of the College's revenue was ultimately publicly funded. However, 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.

Planning at the College is dependent on the receipt of accurate and timely information from Government and the Agency regarding policy changes. Any delay in receipt of policy or funding changes can therefore have a significant effect on the financial and curriculum planning.

The College is aware of several issues which may impact on future funding,

- Further reforms to the funding methodologies, in particular in relation to apprenticeship funding and the effects on the sector following the introduction of the levy in 2017,
- Devolution of 19+ funding
- The introduction of the insolvency regime in the sector, following the completion of the Strategic Area Reviews
- The impact of COVID-19 and BREXIT on various income streams and additional costs associated with blended learning and increase of costs due to demand during this period.

These risks are mitigated in a number of ways:

- The College aims to broaden its income streams, including through other funding bodies, to reduce the reliance on the funding agencies
- By ensuring the College delivers high quality education and training
- By ensuring the College operates at maximum efficiency and effectiveness
- Regular review of curriculum offer to ensure it is relevant and appropriate
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the local schools to ensure awareness of funding changes and implications for learners
- Regular updating with funding agencies on changes enacted and proposed
- Regular sensitivity analysis on funding changes

2. Tuition fee policy and student loans

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, HCUC 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
- Monitoring of the offer of competing providers

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit in the College's balance sheet in line with the requirements of FRS102.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Staff;
- Governing Body;
- Funding bodies;
- Subcontractors;
- Local employers (with specific links);
- Local Authorities;
- Local schools;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- Local Enterprise Panel.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by representation on local education, business and community groups.

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, class, gender reassignment and age. We strive vigorously to remove conditions, which place people at a disadvantage, and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality & Diversity and Inclusion Policy, is published on the College's intranet site along with the College's information on staff and students and the College's equality objectives (in line with the requirements of the Equality Act 2010). The College has adopted proactive strategies to recruit and support staff from black and minority ethnic backgrounds.

The College publishes an annual Equality and Diversity report and objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are as far as possible, identical to those for other employees.

An Equality Action Plan is published each year and monitored by managers and governors. An Equality & Diversity Forum, made up of a cross section of staff and chaired by the HR Director, monitors the implementation of the Equality & Diversity Policy and action plans. Equality and Diversity training is provided for all staff and forms part of the College's Training and Development Plan.

Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001, and the Equality Act 2010:

- a As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2019/20 and the results of this formed the basis of a programme of improvements aimed at improving access. Further internal audits are due to be carried out in 2021/22. In addition, all new building work is closely monitored for DDA compliance. Progress of the implementation is monitored at the Equality and Diversity Forum.
- b The College has appointed a Health and Safety Officer and a SENCO, who provide information, advice and arrange support where necessary for students and staff with disabilities.
- c There is a list of specialist equipment, such as radio aids and IT equipment, which the College can make available for use by students and a range of assistive technology is available.
- d The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- f Support and welfare services are described in the College Student handbook, which is issued to students 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	FTE employee number
4	3.50

Percentage of time	Number of employees
0%	
1-50%	4
51-99%	
100%	

Total cost of facility time	£11,929
Total pay bill	£33,568,000
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
---	------

Safeguarding

A programme of training in safeguarding is currently being implemented with 100% of all staff trained to date with a rolling programme to capture all staff and train new staff. The HCUC College has 14 designated Safeguarding officers in the permanent staff (8 in Uxbridge and 6 in Harrow) and also a lead member of the Governing Body for Safeguarding. The College is also represented at the London Borough of Hillingdon and Harrow Local Safeguarding Boards and the HE/FE London Prevent Network.

Events after the reporting period

Following a competitive process and thorough consideration of various factors in respect of benefits to students and staff, as well as Government guidelines relating to support for Further Education in west London and nationally, HCUC is pleased to have joined Richmond Upon Thames College (RuTC) to explore merger proposals for the two organisations. We certainly believe that such a merger would open up collaborative opportunities and a broader vision, as well as strengthening sustainable provision to learners and employers alike within this area.

The FE Commissioner recommended that RUTC merger with HCUC, whereby it is likely that its net assets and activities will transfer to HCUC and the Corporation will be dissolved. The merger was originally expected to complete on 31 July 2021 but it is now anticipated be later in 2021/22. The delay is the result of some planning issues relating to 2nd phase capital redevelopment at RUTC.

Disclosure of information to Auditors

The members who held office at the date of the 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. 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 Governing Body on 7th December 2021 and signed on its behalf by:



Nicholas Davies
Chair

Professional advisers

Independent auditors: Cooper Parry Group Limited
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Bankers: Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Lloyds Bank plc
Public & Community Sector
4th Floor
25 Gresham Street
London
EC2V 7HN

Solicitors: Eversheds
Senator House
85 Queen Victoria Street
London
EC4 4JL

Statement of Corporate Governance and Internal Control

The Governing Body

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

Governance Code

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of Corporate Governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the FRC in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges, issued by the Association of Colleges in March 2015, which it formally adopted in July 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 purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance in public benefit and that the required statements appear elsewhere in these financial statements.

The Governing Body

The members who served the Governing Body during the 2020/21 year and up to the date of signature of this report were as follows:

Name	Date Appointed/ Re-appointed	Term Expires	Date Resigned	Membership Status	Committees served	Attendance %
Areeba Asghar	August 2020	July 2021		Student '19/20 (Harrow)	Harrow SSC*	33
Simon Boulcott	October 2020	Oct 2024		External	Resources, Remuneration	80
Melissa Bridge	Sept 2019	Sept 2023		Staff (Uxbridge)	QCS, Uxbridge SSC*	100
Steven Cochran	March 2021	March 2022		External	Search, Remuneration	93
Tracey Critchley	August 2021	August 2022		Staff (Harrow)	Audit	100
Nicholas Davies	August 2021	August 2025		External	Search, Remuneration	81
Darrell DeSouza	August 2019	N/A		CEO/ Principal	QCS, Resources, Search	100
Zamzam Hashimi	August 2020	July 2021		Student '19/20 (Uxbridge)	Uxbridge SSC*	83
Nasim Khan	December 2018	Dec 2022		External	Audit	92
Alasdair MacLeod	March 2021	March 2025		External	Resources, Remuneration	90
Johanna Morgan	December 2019	Dec 2023		External	QCS	86
Steve Owen	November 2017	Nov 2021		External	Resources	86
Amanda Priem	March 2020	March 2024		External	QCS	100
Mariann Rand-Weaver	May 2017/ May 2018	May 2022		External	QCS, Uxbridge SSC*	91
Ketan Sheth	August 2021	August 2025		External	Audit	100
Paul Walker	October 2018	Oct 2022	30 March '21	External	QCS	14

* Stakeholder and Scrutiny Committee

Clerking arrangements

- Tracy Reeve acted as Clerk to the Corporation.

Chairmanship

- Following the merger between Uxbridge College and Harrow College (1 August 2017), Nicholas Davies was appointed as Chair of the Corporation and Steven Cochran was appointed Vice Chair of the Corporation of HCUC. Both were reappointed to these roles in 2021.

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

The Governing Body 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, curriculum and quality matters and human resources related matters such as health and safety, and environmental issues. The Governing Body meets formally five times a year on a half-termly basis and also holds two Strategy and Planning Days during each academic year (October and April); the two events planned for April and October in 2020/21 were held with a mix of attendance in the room and remotely to meet Covid protocols.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are Resources (including HR and Property), Audit, Quality Curriculum and Students, Search and Governance, and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available from the Clerk to the Corporation at:

Park Road
Uxbridge
UB8 1NQ

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 Governing Body, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Governing Body as a whole.

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

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

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

Appointments to the Governing Body

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Search Committee comprising of The Chair, Vice-Chair and Principal, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required. Governors have had access to the online ETF Governance Development Training programme since September 2021.

Members of the Governing Body are appointed for a term of office not exceeding 4 years.

Performance of the Governing Body

On 1st August 2017 HCUC was formed after the merger of Harrow College and Uxbridge College. Harrow College corporation dissolved on 1st August 2017, and the Corporation of Uxbridge College immediately changed its name to HCUC.

Effective stewardship is evident within the Governing body and senior leadership and has been maintained during the four years post-merger. Prime priorities have included the levelling up of facilities to ensure a good standard of learning environment at both colleges. In addition, HCUC has been successfully progressed its initiatives relating to the T Level pilots, the Mayor's Construction Academy and its launch as an Institute of Technology along with Brunel University and local high profile employer partners Heathrow and Fujitsu. Governors are confident in challenging the SLT for assurance.

This has been very evident during the last year with the ongoing merger discussions with Richmond Upon Thames College (RuTC); the strong governance presence on the merger Joint Steering Group has provided a strong strategic steer and clear focus on protecting the culture and assets of HCUC.

Breath of governance expertise is strong. There is a good balance of skills and experience on the Governing Body, with background knowledge of previous Harrow and Uxbridge Governors represented on the HCUC Corporation. The additional involvement of ex-governors in the local Harrow College and Uxbridge College Stakeholders & Scrutiny Committees (SSCs) as 'non-executive advisors' (NEAs) has also been very beneficial. The two-way flow of communication between the SSCs and the Governing Body has been a focus during the year and the NEAs were standing invitees at the biannual Governors' Strategy Days and other governance training sessions. A Governors' skills audit was undertaken during the merger discussions with RuTC and identified specific expertise in Finance, HR, Local authority, local business, Education and Partnerships. The Governance meeting structure was well managed and very well attended during the last year. Governing Body and sub-committee meetings were undertaken on a remote basis throughout 2020/21 due to the ongoing uncertainty and government guidance during the Covid-19 pandemic. However, these meetings were not impacted by being remote, they were well managed via the Zoom platform and governor engagement was strong. The Corporation also ran two Governor Training and Strategy days during the year (October 2020 and April 2021) which were held in person at a conference venue; the timing meant that government guidance allowed this. However, some governors and external speakers attended remotely and this mixed medium was actually very successful. The ongoing use of the Board Intelligence cloud platform for sharing Governing Body papers in a timely and consistent manner, proved an asset. After review, the Governors have now moved back to on-site meetings for 2021/22 but the Corporation is mindful that in some circumstances remote meetings will still be used as an option; for example, where meetings have to be held at short notice. Corporation reports are detailed and timely and allow good challenge of College senior leaders. There has also been a focus on keeping the Corporation fully briefed on all aspects of Inspectorate Updates.

Governors know the College and understand its strengths and weaknesses well; this was clearly demonstrated and noted within the report relating to the last Ofsted monitoring visit (June 2019). Corporation goal KPIs and a supporting Quality Dashboard information provide a good overview and sufficient detail to allow Governors to challenge and assess progress against agreed targets. There is a strong focus on educational performance at the Governing Body meetings and within the Quality Curriculum and Student sub-committee. The additional local governance structure - the SSCs at each of the Colleges – allows close scrutiny and challenge of the detail of each College performance. There was active involvement of Governors in the Strategic Planning process for the merger with RuTC and this has been taken forward at the Governors' Strategy Days. The Corporation Members and Governance Professional undertake an annual comprehensive self-assessment of the HCUC governance function against internal College KPIs as well as the Code of Good Governance for English Colleges. There is evidence of prudent financial management, allowing ongoing college investment in the Estate of Harrow College and bringing in line affordable and efficient structures. Due to the pandemic the usual 'Governor Link scheme' which allowed first-hand interaction and challenge by governors with curriculum areas and learners was paused during 2020/21 but this will be reinvigorated for 2021/22.

The Governors played a key role during the pre-merger period with RuTC (scheduled to crystallise on 31 July 2021 but now delayed until later in 2021/22). Very clear workstreams were established across a number of key functions including Governance, Quality and Curriculum, Human Resources, IT Services, Finance, MIS, Marketing, and Estates. Progress against each of the workstreams was monitored during the year at the Governors' Merger Joint Steering Group. These regular JSG meetings will continue into 2021/22 until the point of merger.

Remuneration Committee

Throughout the year ending 31 July 2021, the College's remuneration committee comprised The Chair, the Vice-Chair, the Chair of Resources Committee and another governor from Resources Committee with HR expertise. The committee's responsibilities were to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Governing Body (who exclude the Accounting Officer and Corporation Chair and Chair of Resources Committee). The committee operates in accordance with written terms of reference approved by the Governing Body. Its purpose is to advise the Governing Body on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

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

The College's programme of internal audit monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. Specialist internal audit firms are commissioned as required and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented. The Audit Committee receives a standing report on the progress with implementation of audit recommendations.

The Audit Committee also advises the Governing Body on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

The Governing Body 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 Governing Body has delegated the day-to-day responsibility to the CEO, 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 between the College and the funding bodies. He is also responsible for reporting to the Governing Body any material weaknesses or break-downs in internal control.

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the 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

The College has internal audit services, which operate in accordance with requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit services is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the Audit Committee.

As a minimum, Audit Committee annually provides the Governing Body with a report on all Audit Committee activity during the year which includes a review of: internal audit activity; external audit; and any funding audit work undertaken in the College. The report includes the Committee's opinion based on the results of the audits on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

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

The Senior Leadership 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.

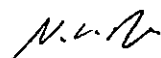
The Senior Leadership Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2021.

Based on the advice of the Audit Committee and the Accounting Officer, the Governing Body 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 its assets".

Going Concern

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Governing Body on 7th December 2021 and signed on its behalf by:



Nicholas Davies
Chair



Darrell DeSouza
Accounting Officer

Statement of Regularity, Propriety and Compliance

The Governing body has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with the ESFA. As part of our consideration we have due regard to the requirements of the grant funding agreement and contracts with the ESFA.

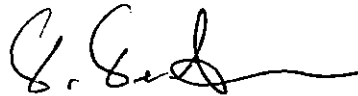
We confirm, on behalf of the Governing body, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreement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



Nicholas Davies
Chair

7th December 2021



Darrell DeSouza
Accounting Officer

7th December 2021

Statement of Responsibilities of the Members' of the Governing Body

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 agreement and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its result for that year.

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

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of this matter 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 are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 7th December 2021 and signed on behalf of the Corporation.



Nicholas Davies
Chair

Independent Auditor's report to the Corporation of HCUC

Opinion

We have audited the financial statements of HCUC ("the College") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of the College's income and expenditure, gains and losses and changes in reserves and of the cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Members of the Corporation are responsible for the other information. Other information comprises the information included in the Members' 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 we do not express any form of assurance conclusion thereon.

Independent Auditor's report to the Corporation of HCUC (continued)

Other information (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction for the relevant year's financial statements have been met.

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:

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

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.

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Governing Body, 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 Members of the Corporation are 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 Members of the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's report to the Corporation of HCUC (continued)

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

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

Our assessment focussed on key laws and regulations the College has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the College Accounts Direction 2020 to 2021, the Post 16 Audit Code of Practice 2020-21, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities, including fraud, included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the College and how the College is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the College's control environment and how the College has applied relevant control procedures, through discussions with Members and other management and by reviewing the reports on the internal scrutiny work commissioned by the College in relation to the year and by performing walkthrough testing over key areas;
- obtaining an understanding of the College's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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

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

Independent Auditor's report to the Corporation of HCUC (continued)

Use of our report

This report is made solely to the Corporation of the College, as a body, in accordance with the Further & Higher Education Act 1992. Our audit work has been undertaken so that we might state to the Corporation of the College those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.



Cooper Parry Group Limited
Statutory Auditor

Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date: 7 December 2021

Independent Reporting Accountant's Assurance Report on Regularity

To: The Corporation of HCUC and Secretary of State for Education, acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 11 September 2021 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 HCUC ("the College") during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of HCUC and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of HCUC and 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 HCUC and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of HCUC and the reporting accountant

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

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

Approach

We conducted our engagement in accordance with the Code issued by 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.

Independent Reporting Accountant's Assurance Report on Regularity (continued)

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 Corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewing the internal control policies and procedures implemented by the College and evaluating their design and effectiveness to understand how the College has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Members, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the College based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

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



Cooper Parry Group Limited
Reporting Accountant

Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date: 7 December 2021

Statements of Comprehensive Income
for the year ended 31 July 2021

	Note	2021 £'000	2020 £'000
Income			
Funding body grants	2	48,722	44,850
Tuition fees and education contracts	3	2,920	3,366
Other grants and contracts	4	2,944	3,616
Other income	5	901	1,078
Endowment and investment income	6	38	67
Total income		55,525	52,977
Expenditure			
Staff costs	7	36,237	34,531
Exceptional restructuring costs	7	41	33
Other operating expenses	9	11,935	10,250
Depreciation	12	4,377	4,235
Interest payable and other finance costs	10	600	494
Total expenditure		53,190	49,543
Surplus before other gains and losses		2,335	3,434
Gain / (loss) on disposal of assets		-	-
Gain / (loss) on investments		-	-
Surplus before tax		2,335	3,434
Taxation	11		
Surplus on continuing operations after depreciation of assets at valuation and tax		2,335	3,434
Actuarial loss in respect of pension scheme	21	(604)	(16,915)
Total Comprehensive Gain / (Loss) for the year		1,731	(13,481)

All items of income and expenditure relate to continuing activities.

Statement of Changes in Reserves
for the year ended 31 July 2021

	Income and expenditure account	Revaluation reserve	Pension reserve	Permanent Endowments	Expendable endowments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 01 August 2020	77,162	4,450	(40,661)	167	32	41,150
Surplus from the income and expenditure account	4,776	-	(2,441)	-	0	2,335
Other comprehensive income	-	-	(604)	0	-	(604)
Transfers between revaluation and income and expenditure reserves	50	(50)	-	-	-	-
Transfers between restricted endowments and income and expenditure reserves	(19)	-	-	19	-	-
Balance as at 31 July 2021	81,968	4,400	(43,706)	186	32	42,881

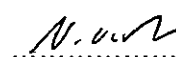
	Income and expenditure account	Revaluation reserve	Pension reserve	Permanent Endowments	Expendable endowments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 01 August 2019	71,775	4,461	(21,773)	182	32	54,679
Surplus from the income and expenditure account	5,407	-	(1,973)	-	-	3,434
Other comprehensive income	-	-	(16,915)	-	-	(16,915)
Transfers between revaluation and income and expenditure reserves	(37)	(11)	-	-	-	(48)
Transfers between restricted endowments and income and expenditure reserves	17	-	-	(17)	0	0
Balance as at 31 July 2020	77,162	4,450	(40,661)	167	32	41,150

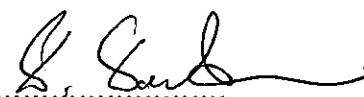
Balance sheet
for the year ended 31 July 2021

HCUC
Members' report and financial statements
For the year ended 31 July 2021

	Note	2021 £'000	2020 £'000
Non current assets			
Tangible assets	12	109,074	105,388
Investments		-	-
Endowment assets	13	218	199
		<u>109,292</u>	<u>105,587</u>
Current assets			
Stock		41	33
Trade and other receivables	14	1,991	2,344
Cash at bank and in hand	20	29,070	11,360
Investments	15	0	8,000
		<u>31,102</u>	<u>21,737</u>
Creditors: Amounts falling due within one year	16	<u>(12,627)</u>	<u>(9,822)</u>
Net current assets		<u>18,475</u>	<u>11,915</u>
Total assets less current liabilities		127,767	117,503
Creditors: Amounts falling due after more than one year	17	(40,798)	(35,285)
Provisions for liabilities and charges			
Defined benefit obligations	21	(43,706)	(40,661)
Other provisions	19	(382)	(406)
Total net assets		<u><u>42,881</u></u>	<u><u>41,150</u></u>
Restricted reserves			
Expendable endowments	13	32	32
Permanent endowments	13	186	167
Unrestricted reserves			
Income and expenditure account		38,262	36,500
Revaluation reserve		4,400	4,450
Total funds		<u><u>42,881</u></u>	<u><u>41,150</u></u>

The financial statements on pages 28 to 56 were approved by the Corporation on 7th December 2021 and were signed on its behalf by:


.....
Nicholas Davies
Chair of Corporation


.....
Darrell DeSouza
CEO and Principal

Statement of Cash Flows
for the year ended 31 July 2021

HCUC
Members' report and financial statements
For the year ended 31 July 2021

	2021 £'000	2020 £'000
Cash flow from operating activities		
Surplus / (Deficit) for the year	2,335	3,384
Adjustment for non cash items		
Depreciation	4,377	4,234
(Increase)/ decrease in stocks	(9)	9
(Increase)/decrease in debtors	354	(706)
Increase / (decrease) in creditors due within one year	3,381	(1,772)
Increase / (decrease) in provisions	(25)	(9)
Pension costs less contributions payable	2,441	1,973
Transfer to / (from) reserves	49	50
Adjustment for investing or financing activities		
Investment income	(19)	(83)
Interest payable	5	17
Release of deferred capital grants	(1,160)	(1,055)
Endowment depreciation/(appreciation)	(19)	17
Net cash flow from operating activities	<u>11,712</u>	<u>6,059</u>
Cash flows from investing activities		
Investment income	19	83
Payments made to acquire fixed assets	(8,599)	(15,541)
Receipt of deferred capital grants	6,584	11,358
	<u>(1,996)</u>	<u>(4,100)</u>
Cash flows from financing activities		
Interest paid	(5)	(17)
Repayments of amounts borrowed	-	(2,518)
	<u>(5)</u>	<u>(2,535)</u>
 Increase / (decrease) in cash and cash equivalents in the year	 <u>9,710</u>	 <u>(575)</u>
 Cash and cash equivalents at beginning of year	 <u>19,360</u>	 <u>19,935</u>
Cash and cash equivalents at end of year	<u>29,070</u>	<u>19,360</u>

Notes to the Accounts

1 Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP) 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 Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

Following merger in August 2017 the merged entity refinanced the Harrow revolving credit facility of £4m available to it on a term of 5 years. The College's forecasts and financial projections indicate that it will continue to be able to operate within this facility and covenants for the foreseeable future.

The College has carried out a formal assessment of the going concern principle in preparing for the signing the financial statements. This assessment includes the financial position and reserves as at 31st July 2021, cash and investment balances and cash flow for the next 12 months, the 2021/22 budget approved by the Corporation, level of student recruitment in 2021/22 and known liabilities and commitments in the next 12 months. The Corporation considers the College has adequate resources to continue in operational existence for the foreseeable future. The financial impact of COVID-19 is summarised within the Corporate Goals monitoring schedule which is reviewed by FGB on a termly basis, which includes any mitigation required to reduce the financial impact and being able to continue to operate as a going concern.

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

Recognition of income

The recurrent grant from the Education and Skills Funding Agency is that receivable as determined by the results of the funding audit undertaken. The recurrent grant from OFS represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

Notes to the Accounts *(continued)*

1 Statement of accounting policies *(continued)*

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the Education and Skills Funding Agency. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Other discrete grants received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding bodies.

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

Non-recurrent grants from the Education and Skills Funding Agency or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

1 Statement of accounting policies (continued)

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by 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.

Local Government Pension Scheme (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 gains and losses.

Further details of the pension schemes are given in note 22.

Short term employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Notes to the Accounts (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life. On adoption of FRS 102, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 102.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a 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.

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

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(s) may not be recoverable.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Assets capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs and maintenance

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party (for example a charitable trust), they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

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.

Equipment

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

Notes to the Accounts (continued)

1 Statement of accounting policies (continued)

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life. All other equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	-	10 years
Computer equipment	-	3 years
Furniture and fittings	-	5 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments and endowment assets

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Listed investments held as fixed assets or endowment assets are stated at fair value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Notes to the Accounts *(continued)*

1 Statement of accounting policies *(continued)*

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 year with all resulting exchange differences being taken to the income and expenditure account 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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

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.

Cash deposits that have a maturity of greater than 3 months are included as current asset investments.

Cash for the purposes of the cash flow statement comprises cash in hand and the short term deposits included in current asset investments less overdrafts repayable on demand.

Provisions

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

Agency arrangements

College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the main funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 27 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Notes to the Accounts *(continued)*

1 Statement of accounting policies *(continued)*

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determining whether leases entered into by the College either as 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 College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other Key sources of estimation uncertainty

- Tangible Fixed Assets.

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2021 £'000	2020 £'000
Recurrent grants		
Education and Skills Funding Agency - 16-19	37,342	33,258
Education and Skills Funding Agency - AEB	6,430	6,687
Office for Students	255	244
Specific grants		
Teachers Pension Scheme contribution grant	969	895
DFE Work Placement Capacity and Delivery	247	344
T-Levels Early Adopter Development	5	50
Education and Skills Funding Agency - 16-19 tuition fund	173	-
GLA Covid-19 Skills Recovery	-	-
Work-based learning *	1,818	1,981
Programmes for the Unemployed *	103	316
Covid-19 Skills Recovery *	175	-
Other (LSF admin fee)	45	20
Releases of agency capital grants:		
Buildings (note 19)	926	792
Equipment (note 19)	234	263
	<u>48,722</u>	<u>44,850</u>

* The income shown above represents that earned by the College in its capacity both as a provider and as the contracting lead.

All payments to subcontractors for delivery of provision towards the main funding body targets have been excluded from the total funding council grant amounts disclosed above. Total income claimed in the year under this arrangement and related payments to partners were as follows:

	2021 £'000	2020 £'000
Work-based learning		
Work-based learning income	1,851	2,025
Payments to non College partners	(33)	(44)
Incentive payments to employers	-	-
Net income	<u>1,818</u>	<u>1,981</u>
	<u>2021 £'000</u>	<u>2020 £'000</u>
AEB & Programmes for the Unemployed		
AEB and Programmes for the Unemployed income	299	615
Payments to non College partners	(196)	(299)
Net income	<u>103</u>	<u>316</u>
	<u>2021 £'000</u>	<u>2020 £'000</u>
GLA Covid-19 Skills Recovery		
GLA Covid-19 Skills Recovery income	466	-
Payments to non College partners	(290)	-
Net income	<u>175</u>	<u>-</u>

Notes (continued)

	2021 £'000	2020 £'000
OfS Grant and Fee Income		
Grant income from the Office for Students	259	244
Fee income for taught awards (exclusive of VAT)	1,138	1,087
	<u>1,397</u>	<u>1,331</u>

3 Tuition fees and education contracts

	2021 £'000	2020 £'000
Tuition Fees	2,844	3,295
Education contracts	76	71
	<u>2,920</u>	<u>3,366</u>

Tuition fees funded by bursaries

There are no bursaries included in the above amounts (2019/20: £nil).

4 Other grants and contracts

	2021 £'000	2020 £'000
Other grants and contracts	240	214
High needs support	2,646	3,190
Coronavirus Job Retention Scheme grant	58	212
	<u>2,944</u>	<u>3,616</u>

The corporation furloughed some of the staff under the government's Coronavirus Job Retention Scheme.

The funding received of £212,000 relates to staff costs which are included within the staff costs note below as appropriate.

5 Other income

	2021 £'000	2020 £'000
Catering	646	843
Other income generating activities	24	77
Releases from deferred capital grants (non-Government)	-	50
Other income	231	108
	<u>901</u>	<u>1,078</u>

Notes (continued)

6 Endowment and investment income

	2021 £'000	2020 £'000
Gain/(Loss) from permanent endowment asset investments (note 13)	19	(17)
Interest Receivable	19	84
Pension Finance Income	-	-
	<u>38</u>	<u>67</u>

7 Staff numbers and costs

The average number of persons employed by the group (including key management personnel) during the year, expressed as full-time equivalents, was as follows:

	2021	2020
Teaching staff FTE	351	336
Non-teaching staff FTE	264	274
	<u>615</u>	<u>610</u>

The numbers above exclude estimates of the staff numbers employed through contracting out arrangements.

	2021 £'000	2020 £'000
Wages and salaries	24,554	23,783
Social security costs	2,373	2,297
Pension costs including FRS 102 adjustments	6,641	6,178
Payroll sub total	<u>33,568</u>	<u>32,258</u>
Contracted out staffing costs	2,669	2,273
Exceptional restructuring costs	41	33
Total staff costs	<u>36,278</u>	<u>34,565</u>

Notes (continued)

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

7 Staff numbers and costs (continued)

	2021 Number of senior post- holders	2021 Number of other staff	2020 Number of senior post- holders	2020 Number of other staff
£60,000 to £65,000		3		1
£65,001 to £70,000		1		
£70,001 to £75,000		4		4
£75,001 to £80,000		3		3
£90,001 to £95,000			1	
£95,001 to £100,000	1			
£105,001 to £110,000	1		1	
£110,001 to £115,000	1			
£125,001 to £130,000			1	
£150,001 to £155,000			1	
£160,001 to £165,000	1			
	<u>4</u>	<u>11</u>	<u>4</u>	<u>8</u>

Including part time worked grossed up to full time equivalent.

A general pay award of 1.0% (2019/20: 1.0%) was made with effect from 1 August 2020. This was approved by the Governing Body.

8 Emoluments of key management personnel

Key management personnel are defined as members of the executive management team.

	2021 Number	2020 Number
The number of senior post-holders, including the Accounting Officer, was	<u>4</u>	<u>4</u>

Key management personnel emoluments are made up as follows:

	2021 £'000	2020 £'000
Salaries	472	480
Employers' National Insurance	60	61
Benefits in kind	3	3
Pension contributions	111	113
	<u>646</u>	<u>657</u>

The above emoluments include amounts payable to the CEO and Group Principal who is the Accounting Officer and who is also the highest paid member of staff. The governing body follow the principles of the AoC's Senior Staff Remuneration Code, July 2019 and assesses senior post-holder pay in line with its principles. The remuneration package of senior postholders, including the Chief Executive is subject to annual review by the Remuneration Committee of the Governing Body. This Committee justifies the remuneration by following a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence and assessing the value of roles, the contexts and individuals' performance in them. Fair and appropriate remuneration is set for a role to recognise an individual's contribution to their college's success, and to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources. Their pay and remuneration is as follows:

	2021 £'000	2020 £'000
Salaries	158	152
Pension contributions	37	36
Benefits in kind	3	3
	<u>198</u>	<u>191</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the Local Government Pension Scheme and are paid at the same rate as for other employees.

Accounting Officer's remuneration as multiple of the median pay for all other employees (on a FTE basis)

	2021	2020
Multiple based on basic salary	4.80	4.51
Multiple based on total remuneration	6.02	5.67

Agency staff have been excluded from the total remuneration because the College does not record amounts paid to agencies for agency staff in a manner which allows the inclusion of individual agency staff in the calculation of pay ratios. In addition casual staff have been excluded due to the difficulty in assigning a full-time equivalent value to these flexible employees.

Notes (continued)

9 Other operating expenses

	2021 £'000	2020 £'000
Teaching costs	2,479	2,181
Non teaching costs	5,421	4,491
Premises costs	4,035	3,578
	<u>11,935</u>	<u>10,250</u>

Other operating expenses include:

Auditors remuneration:

Financial statements audit	40	38
Internal audit	44	45
Other services from external audit	-	-
Other services from internal audit	-	-
Depreciation	4,377	4,235
Hire of assets under operating leases		

9a Access and Participation Funding

	2021 £'000	2020 £'000
Access investment	-	-
Financial support to students	33	29
Disability support	-	-
Research and evaluation (relating to access and participation)	-	-
	<u>33</u>	<u>29</u>

10 Interest payable

	2021 £'000	2020 £'000
On bank loans and overdrafts:		
Repayable within five years, not by instalments	5	17
Pension finance costs	594	477
	<u>600</u>	<u>494</u>

Notes (continued)

11 Taxation

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

12 Tangible fixed assets

	Assets under Construction	Freehold Land & Buildings	Equipment	Total
	£'000	£'000	£'000	£'000
<i>Cost or valuation</i>				
At 1 August 2020	15,162	109,032	32,195	156,389
Transfer	(15,162)	14,753	409	(0)
Additions	-	5,577	2,485	8,062
Disposals	-	-	(225)	(225)
At 31 July 2021	-	129,362	34,864	164,226
<i>Accumulated depreciation</i>				
At 1 August 2020	-	23,296	27,705	51,001
Charge for year	-	2,171	2,206	4,377
Eliminated in respect of disposals	-	-	(225)	(225)
At 31 July 2021	-	25,467	29,686	55,153
<i>Net Book Value</i>				
At 31 July 2021	-	103,895	5,178	109,073
At 31 July 2020	15,162	85,737	4,490	105,388

Notes (continued)

12 Tangible fixed assets (continued)

The transitional rules set out in FRS 102 *Tangible Fixed Assets* have been applied. Accordingly, the book values at implementation have been retained.

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

13 Investments

	2021 £'000	2020 £'000
Investment in subsidiary company at cost	-	-
Investment in associated undertakings	-	-
Other non current asset investments	-	-
	<u>-</u>	<u>-</u>

Endowments Assets	£'000	£'000	£'000
	Restricted Expendable	Restricted Permanent	Total
At 1st August 2020:	32	167	199
Gain on endowment assets investments	-	19	19
Income for year (interest received)	-	-	-
Disposal	-	-	-
As 31st July 2021	<u>32</u>	<u>186</u>	<u>218</u>
Capital	32	167	199
Accumulated Income	-	19	19
	<u>32</u>	<u>186</u>	<u>218</u>

Restricted Expendable Endowment - Gavin Taylor Fund
Restricted Permanent Endowment - Ormsby Fund

14 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	1,447	1,330
Sundry Debtors	-	-
Prepayments and other debtors	544	1,014
	<u>1,991</u>	<u>2,344</u>

15 Current investments

	2021 College £'000	2020 College £'000
Short term deposits	-	8,000
Total	<u>-</u>	<u>8,000</u>

16 Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans and overdrafts	-	-
Payments received on account	-	-
Trade creditors	703	591
Lennartz	-	-
Other taxation and social security	1,139	1,110
Accruals and deferred income	7,590	5,685
Holiday pay accrual	931	900
Deferred income - capital grants	1,363	1,452
Deferred income - government revenue grants	-	-
Amounts owed to the ESFA/GLA	901	84
Sundry creditors	-	-
	<u>12,627</u>	<u>9,822</u>

17 Creditors: Amounts falling due after more than one year

	2021 £'000	2020 £'000
Deferred income - capital grants	40,798	35,285
	<u>40,798</u>	<u>35,285</u>

Notes (continued)

18 Deferred capital grants

College	ESFA £'000	Other grants £'000	Total £'000
At 1 August 2020:			
Land and buildings	35,544	748	36,292
Equipment	203	242	445
Cash receivable:			
Land and buildings	5,578	-	5,578
Equipment	1,006	-	1,006
Release to income and expenditure account:			
Land and buildings	(923)	(4)	(926)
Equipment	(222)	(12)	(234)
At 31 July 2021			
Land and buildings	40,199	745	40,944
Equipment	987	230	1,217
	41,187	975	42,161

Notes (continued)

19 Provisions

	Defined benefit obligations £'000	Restructuring £'000	Enhanced pensions £'000	Total £'000
At 1 August 2020:	40,661	-	406	41,067
Expenditure in the period	(2,103)	-	(25)	(2,128)
Additions in the period	5,148	-	-	5,148
At 31 July 2021	43,706	-	382	44,088

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in note 22.

The enhanced pension provision relates to the cost of staff who have already left the college's employ and commitments for reorganisation costs from which the college cannot reasonably withdraw at the balance sheet date.

EPP note	2021	2020
Principal assumptions for the EPP calculation are		
Price inflation	2.60%	2.20%
Discount rate	1.60%	1.30%

20 Cash and Cash equivalents

	at 1 August 2020 £'000	Cashflows £'000	Other changes £'000	At 31 July 2021
Cash and cash equivalents	11,360	9,710	8,000	29,070
Investments	8,000	0	(8,000)	0
	19,360	9,711	-	29,070

Notes (continued)

21 Pensions and similar obligations

The College' employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non teaching staff which is managed by Hillingdon Local Authority. Both are multi employer schemes.

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 2019 and of the LGPS 31 March 2019.

Total pension cost for the year	2021	2020
	£'000	£'000
Teachers Pension Scheme: contributions paid	2,679	2,668
Local Government Pension Scheme:		
Contribution paid	2,103	2,011
FRS 102 (28) charge	1,859	1,499
Charge to the Statement of Comprehensive Income	3,962	3,510
Enhanced pension charge to Statement of Comprehensive Income		
Total Pension Cost for Year within staff costs	6,641	6,178

Teachers' Pension Scheme

Introduction

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

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.

Notes (continued)

21 Pensions and similar obligations (continued)

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 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 £2,679,000 (2020: £2,668,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Hillingdon Local Authority. The total contribution made for the year ended 31 July 2021 was £2,678,000 of which employer's contributions totalled £2,103,000 (inclusive of FRS102 charge) and employees' contributions totalled £575,000.

For the period 1 August 2020 to 31 July 2021 the employer's contribution rate was 23.4%. The employee contribution rate for the same period remained in a range between 5.5% and 12.5 % dependent on spinal point and whether staff are term time only or full time.

FRS 102 - Principal Actuarial Assumptions

HCUC
Members' report and financial statements
For the year ended 31 July 2021

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	31 July 2021	31 July 2020	31 July 2019	31 July 2018
RPI Inflation	n/a	n/a	n/a	n/a
Inflation assumption (CPI)	2.85%	2.20%	2.40%	2.40%
Rate of increase in salaries	3.15%	2.50%	2.80%	2.80%
Rate of increase in pensions	2.85%	2.20%	2.40%	2.40%
Discount rate for liabilities	1.60%	1.40%	2.10%	2.80%

On advice from our actuaries, an allowance is included for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 85% of the maximum tax-free cash for post-April 2008 service.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. Life expectancy as at 31 July 2021 is based on the Fund's Vita Curves. Average future life expectancies at retirement age 65 are summarised below:

	At 31 July 2021	At 31 July 2020
<i>Current pensioners</i>		
Males	22.3 years	22.1 years
Females	24.7 years	24.3 years
<i>Future pensioners</i>		
Males	23.3 years	22.8 years
Females	26.2 years	25.5 years

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

	20/21	19/20	18/19
	Long term rate of return expected at 31 July 2021	Long term rate of return expected at 31 July 2020	Long term rate of return expected at 31 July 2019
	Value at 31 July 2021	Value at 31 July 2020	Value at 31 July 2019
	£'000	£'000	£'000
Equities	33,097	26,810	30,490
Bonds	21,125	19,660	20,962
Property	11,267	8,937	7,623
Cash	4,929	4,170	4,446
Total market share of assets	1.6%	2.7%	2.7%
	70,418	59,577	63,521
	20/21	20/21	2019
	£'000	£'000	£'000
College's estimated asset share	70,418	59,577	63,521
Present value of scheme liabilities	(114,096)	(100,210)	(85,267)
Present value of unfunded liabilities	(28)	(28)	(27)
Deficit in the scheme	(43,706)	(40,661)	(21,773)

Analysis of the amount recognised in Statement of Comprehensive Income

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	3,962	3,448
Past service cost	-	62
Total operating charge	<u>3,962</u>	<u>3,510</u>

Analysis of pension finance (cost)/income

	2021 £'000	2020 £'000
Expected return on pension scheme assets	840	1,342
Interest on pension scheme liabilities	(1,422)	(1,816)
Pension finance cost	<u>(582)</u>	<u>(474)</u>

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

	2021 £'000	2020 £'000
Fair value of plan assets	70,418	59,577
Present value of plan liabilities	(114,096)	(100,210)
Present value of unfunded liabilities	(28)	(28)
Net pension (liability)	<u>(43,706)</u>	<u>(40,661)</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	9,089	(5,823)
Experience losses arising on defined benefit obligations	1,427	854
Changes in assumptions underlying the present value of plan liabilities	(9,502)	(9,238)
Changes in demographic assumptions	(1,618)	(2,708)
Amount recognised in Other comprehensive Income	<u>(604)</u>	<u>(16,915)</u>

21 Pensions and similar obligations (continued)

Asset and Liability Reconciliation

	2021 £'000	2020 £'000
Reconciliation of liabilities		
Liabilities at start of period	100,238	85,294
Transfer of Liabilities from Harrow College	-	-
Service cost	3,962	3,448
Interest cost	1,422	1,816
Employee contributions	575	538
Other experience	(1,427)	(854)
Changes in demographic assumptions	1,618	2,708
Changes in financial assumptions	9,502	9,238
Benefits paid	(1,764)	(2,010)
Unfunded benefits paid	(2)	(2)
Effect of business combinations and disposals	-	-
Past service cost	-	62
Curtailments and settlements	-	-
Liabilities at end of period	114,124	100,238
Reconciliation of Assets		
Assets at start of period	59,577	63,521
Transfer of Assets from Harrow College		
Interest on plan assets	840	1,342
Return on plan assets	9,089	(5,823)
Employer contributions	2,103	2,011
Contributions by scheme participants	575	538
Benefits paid	(1,764)	(2,010)
Unfunded benefits paid	(2)	(2)
Effect of business combinations and disposals	-	-
Assets at end of period	70,418	59,577
Movement in deficit during year		
	£'000	£'000
Net defined liability in scheme at 1 August	(40,661)	(21,773)
Movement in year:		
Transfer of Deficit from Harrow College	-	-
Current service cost	(3,962)	(3,448)
Employer Contributions	2,103	2,011
Past service costs	-	(62)
Losses on curtailments	-	-
Net interest on the defined (liability) / asset	(582)	(474)
Effect of business combinations and disposals	-	-
Actuarial loss	(604)	(16,915)
Net defined benefit (liability) / asset at 31 July	(43,706)	(40,661)

Notes (continued)

22 Capital commitments

	2021	2020
	£'000	£'000
Authorised and contracted	-	14,708
Authorised not yet contracted	-	400
Commitments contracted for at 31 July	<u>-</u>	<u>15,109</u>

There are no capital commitments contracted for as at 31 July 2021. The capital commitments contracted for as at 31 July 2020 relate to the works of two capital builds: (1) Armstrong Building at Harrow College, and (2) IoT Building at Uxbridge College

23 Financial commitments

At 31 July 2021, the College had annual commitments under non-cancellable operating leases as follows:

	2021	2020
	£'000	£'000
Future minimum lease payments due		
Other		
Not later than one year	60	60
Later than one year and not later than five years	80	201
Later than five years	-	-
	<u>140</u>	<u>261</u>
Total lease payments due	<u>140</u>	<u>261</u>

Notes (continued)

24 Related Party Transactions

Due to the nature of the College's operations and the composition of the Governing Body (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 Governing Body may have an interest.

All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 102

25 Post balance sheet events

Details of post balance sheet events are given in the report of the members of the Corporation.

26 Amounts Disbursed as Agent

Learner support funds

	2021 £000s	2020 £000s
Discretionary Learner Support Fund Allocations (including Bursary for 24+ Loans)	1,578	1,865
	<hr/> 1,578	<hr/> 1,865
Learner Support Funds Disbursed	(1,241)	(1,636)
Administration costs	(67)	(44)
Balance at 31 July	<hr/> 270 <hr/>	<hr/> 186 <hr/>

Agency grants are available solely for students. In the majority of instances, the College acts only as paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the accounts, other than when the College has directly incurred expenditure itself