

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Caireen Mitchell - Principal and CEO; Accounting Officer
Ann Christine Harland – Vice Principal Finance and Resources
Fadia Clarke – Vice Principal Training, Skills and HE
Angela Edwards - Vice Principal Education and Quality
Richard Beales – Principal Coulsdon Sixth Form College
Dawn Cowcher – Director Human Resources (to 28th November 2019)

Board of Governors

A full list of Governors is given on pages 19-20 of these financial statements.

Clare Mitchell acted as Director of Governance/Clerk to the Corporation.

Professional advisers

Financial statements auditors and reporting accountants:

Buzzacott LLP
130 Wood Street
London EC2V 6DL

Internal auditors:

RSM Risk Assurance Services LLP
1 London Square
Cross Lane
Guildford GU1 2UN

Bankers:

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors:

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London SE1 9BB

Eversheds LLP
1 Wood Street
London EC2V 7WS

Gelbergs LLP
188 Upper Street
Islington
London N1 1RQ

Trowers & Hamblins LLP
3 Bunhill Row
London
EC1Y 8YZ

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CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Croydon College for the year ended 31 July 2020.

Legal status

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

On 12 February 2019, under a Type B merger, Coulsdon Sixth Form College dissolved and Croydon College acquired its assets and liabilities.

Mission

The Croydon College's new vision, as approved by the Corporation on 4th December 2019, is:

Two great Colleges working together to transform our communities' economic, social and employment prospects.

Strategic Objectives

Following extensive consultation with staff, students, employers, governors and other stakeholders, the Strategic Objectives for Croydon College were also agreed by the Corporation on 4th December 2019 for the 5 year period 2019-2024. This allowed the College to have clear strategic objectives following the merger with Coulsdon Sixth Form College.

The Croydon College Operational Objectives and progress against key targets (in italics) for 2019/20 were as follows:

Objective 1 – Croydon campus is a General Education College offering young people and adults comprehensive pathways to employment and further study and transforming our students' economic and social prospects, by

- Planning and applying to run 2 initial T levels in 2021/22. *The College successfully applied to the Department for Education ('DfE') for delivery of T Levels in Health and Science and Engineering from September 2022.*
- Opening the SEN Centre at Coulsdon to accommodate up to 24 young people with High Needs *The new Pathway Centre was successfully opened in partnership with Croydon Council in September 2019 for up to 24 students, its successes has led to its expansion and in 202/21 we expect up to 27 students to study there. In addition, the number of High Needs students we are supporting in mainstream classes continues to rise.*
- Increasing our entry and level 1 provision for 16-18 year old students to better meet need. *Wider and much expanded Entry and level 1 provision was delivered in 19/20 in Construction, Hair and Beauty, ESOL and Art and Design to meet the needs of the community. Recruitment to Entry and level 1 is strong in 20/21.*
- Raising 16-18 achievements by 4%, apprenticeship achievements by 8.5%, raise HE continuation rates and improve Alps score (Alps is an education sector benchmarking services showing distance travelled by students). Increase achievement in GCSE and Functional Skills. *16-18 Achievements have improved by 7.1% alongside improvements in Alps scores. Apprenticeship achievements have improved by over 6%. GCSE achievements have increased to 94% overall with high grades improving to 28% for English and 26% for maths. Functional skills results have declined however, following difficulties with mock result evidence.*

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- Provide work experience to at least 75% of 16-18s and extended work placements to 20% of students. *Good progress 62% of students accessing work experience prior to lockdown and 89 students out of a target of 112 accessing extended work placement prior to lockdown.*
- Improving student attendance to 85%. *Good progress across all schools on the Croydon Campus with attendance at Croydon Campus sitting at 80.4% prior to lockdown. The school of Business, Community and Access improved the most with attendance at 86% prior to lockdown.*
- Increase student satisfaction to at least quartile B. *Student feedback improved across all schools on the Croydon Campus in the Autumn Survey, however, the Spring Survey did not run due to lockdown.*

Objective 2 – Coulsdon Sixth Form campus is a great Sixth Form College offering young people with an excellent curriculum which enables them to achieve outstanding results and transforming our students' prospects to successfully progress to further studies, university or Apprenticeships, by

- Increasing the proportion of learners progressing to university to 75% and increasing the numbers to 'high tariff' universities to 10%. *There was a decline in the number of students applying to Higher Education resulting in a drop from 70% to 66%, of which there was also a decline, from 8% to 7%, in the number progressing to high tariff universities.*
- Increasing the number of students progressing to Levels 2 and 3 Apprenticeships. *This data is still being collected..*
- Increase curriculum offer and marketing to increase Level 3 recruitment by 5%. *Student recruitment at Coulsdon College is strong. Level 3 recruitment grew by 6% in 19/20, with an increase in total student numbers of 5.3%.*
- Achievement rates for 16-18 year olds increase to 5% above national average for sixth form Colleges. *Alps average scores increased and English and maths progress measures improve. The Achievement Rate of 93.8% is an increase of almost 8% on the previous year and sits above the 18/19 Sixth Form College Benchmark of 81.1% which we can expect to be higher in 19/20 due to the award of Centre Assessed Grades.*
- All students access work related learning activities and 50% access a work placement or extended work placement. *Work Experience was planned in the Summer Terms and therefore did not occur.*

Objective 3 – Employers and Stakeholders shape the curriculum, ensuring that we are able to meet the needs of the local economy, by

- Increasing the number of students studying construction, tech/digital courses and care for 2019/20 and 20/21. *There has been significant growth on Construction and Care across the 19/20 and 20/21 academic years. Construction and Engineering has grown by 36% between 19/20 and 20/21 and Health and Care by 25%. Growth in Tech and Digital was limited to a new Games and Animation course at Level 2 and will be a focus for growth 21/22.*
- Plan for the expansion of new HE courses in 2019/20 and 2020/21. *Expansion of the HE offer has been slower than planned, primarily due to slow and late recruitment of a new Head of HE to lead on this development. A new HNC in Business recruited in 2019/20, and the College is preparing for a new Nursing degree with the University of Roehampton for 2021/22.*
- Meet the apprenticeship income target of £810k for 2019/20, increase the range of standards provided and in 3 new areas and, as well as providing a recruitment service for employers, supporting support to Croydon non levy employers to access the DAS. *The targets for apprenticeships have not been met due to; a collapse in demand during the pandemic, inability to access a contract for Non-Levy employers prior to the expansion of the Digital Apprenticeship System in January, and low sales. Total apprenticeship income reached only £489k.*

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- Provide distance learning provision for non-Londoner adults. *This roll out of our Distance Learning is below plan with only £26k of the planned £108k Adult Education Budget achieved outside London delivered through Distance Learning.*

Objective 4 – Workforce – our staff are our greatest asset, they are experts in what they do, we invest in them and ensure they are valued, empowered and supported to innovate, by

- Introducing a staff survey to enable us to plan organisational development, open a new staff room at the Croydon campus and develop a range of strategies to engage and support staff and to reduce workloads where possible. *Staff are our greatest asset. The new Croydon campus staff common room was opened in October 2019, a staff survey focused on remote working was undertaken in Spring 20. A number of new systems and processes to reduce staff workload have been introduced such as the automation of the Students at Risk reporting, Register ID card scanners, and streamlined processes and requirements in relation to Teaching, Learning and Assessment.*
- Introducing new methods of assessing, Teaching and Learning through the new Learning and Quality Framework, snapshot reviews assess TLA as good or better and new teaching and Learning Mentors appointed to support teaching staff. *Teaching and Learning at the Croydon Campus is now Good across all Schools, with significant improvement in all areas, including those which were previously underperforming. Teaching and Learning requires improvement at Coulsdon Campus.*
- Student satisfaction with Teaching, Learning and Assessment is at least in Quartile B of the QDP student survey. *Student feedback improved across all schools on the Croydon Campus in the Autumn Survey, however, the Spring Survey did not run due to Lockdown. Student satisfaction at the Coulsdon campus was in Quartile D. The College was in Quartile C overall*
- Launch a staff forum at each campus, where staff are able to shape the future of the organisation, staff to be involved in the development of the staff awards, introduce a new, upgraded, intranet to improve communication and celebrate success and develop integrated HR systems. *Staff fora are successfully running at both campuses and Staff awards were presented on-line during Staff Learning Week. The new staff intranet implementation and some HR system work was unavoidably delayed due to lockdown, however regular staff communication from the Principal and all staff wellbeing events were undertaken. These projects are planned to restart in Autumn 2020.*
- Continued programmes of management, aspirational leadership and staff learning to share good practice improvement priorities. *Investment in the development of our staff is resulting in clear improvements at the Croydon Campus, evidenced through improvements in Teaching, Learning and Assessment, team performance management, student feedback, attendance and pre-lockdown exams. Investment in staff development at Coulsdon started in the 19/20 academic year and full impact has yet to emerge.*

Objective 5 – an efficient and effective corporate core which enables the College to be great, by

- Having an operating deficit of no more than £311k (excl FRS102 adjustments), ensuring that expenditure is in line with budgets and setting the 2020/21 budget to provide Good financial health. *The outturn deficit result for 2019/20 was £1,322k, which after excluding the FRS102 adjustments, comprises a deficit of £262k, exceeding plan. A breakeven budget is set for 2020/21, generating Good financial health. By setting a break-even budget for 2020/21 the College anticipates a return of some of the merger funding received and this, alongside improvement in the 2019/20 merged College outturn, is provided for within the £370k potential refund of Restructuring Fund grant in 2019/20, not being set in the original budget and strategic objective.*
- Implement an earlier, robust Business Planning processes enabling secure financial viability for all courses for 2020/21. *There was a significant improvement in Business Planning despite the pandemic including detailed reviews and focus on course viability with curriculum team managers.*

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- Development of an ICT/ILT Strategy for both campuses, including secure investment in secure IT, working towards ISO 27001, further developing the parent portal and register card readers and reduce enrolment times. *The 2019-24 ICT/ILT Strategy was developed, however priorities were re-allocated during COVID lockdown with additional laptops purchased for student use, new server infrastructure to enable increased remote working and investment in Moodle and on-line teaching support. Investment in IT equipment at Coulsdon has also continued as per the Merger funding received and the roll out of the card readers to Coulsdon for register marking is now completed. The College plans to gain its Cyber Essentials accreditation during 2020-21.*
- Commission a detailed Estates Strategy, including detailed planned maintenance programme for both campuses. *A new and detailed Estates Strategy was reviewed by the Board in July 2020 for adoption in final form in December 2020. A detailed building condition survey and planned maintenance programme was also completed and issued to the DfE, which has supported a significant capital allocation of £941k for 2020/21.*

Covid – 19 Response

The College put students at the heart of its response to COVID 19 and swiftly organised a number of new measures to support students, staff and stakeholders in response to the lockdown in March 2020. The Croydon campus and Pathway Centre at the Coulsdon campus remained open throughout lockdown for vulnerable students, and other classes moved to on line teaching. In June 2020, both campuses reopened for teaching to students aged 16-18, in line with Government Guidance. The College's well developed VLE allowed us to move to online Teaching and Learning smoothly, with teachers continuing to engage and monitor student progress. All students identified as vulnerable were contacted on a very regular basis, supporting them to access Online Teaching and Learning and also supporting their wellbeing. Students who did not have access to IT equipment from home were able to access laptop loans with priority to 16-18 year old students. Eligible students also continued to receive funds for Free School Meals, Bursaries and Childcare throughout the period.

Grant activity levels were exceeded for 16-18 year olds, due to high recruitment in September 2019 and were achieved in full for the main Greater London Authority ('GLA') Adult Education Budget and High Needs Learner grants. Considerable inroads were made to additional grants received in year, such as the GLA Innovation Fund and the ESFA Adult Education Budget, as subcontracted and distance learning provision continued. Engagement with employers and other stakeholders continued throughout the period, although work with apprentices was reduced where employer premises were closed.

Preparations for the 20/21 academic year included the introduction of a new online applications and enrolments system, which ensured that recruitment commenced in July 2020, leading to recruitment targets for all ages being exceeded by the start of term in September 2020.

Underlying all College activity has been weekly meetings of the College's cross campus COVID-19 Response group, led by the Principal, with regular communication to staff, students, stakeholders, Governors and the local Croydon Health officials. There has also been robust Health and Safety assessments and additional meetings of the Health and Safety Committee.

Financial objectives

The College's financial objectives for 2019/20 were:

- to achieve an ESFA financial health rating of *Good*,
- to achieve a post-merger operating deficit of £311k for the year (excluding FRS102(s28) pensions impact and the merger income grant and related expenses)
- to maintain a net current asset position
- to maintain liquidity at a minimum level of 45 days cash in hand
- to keep staff costs to an optimum level against income and activity
- to reduce partnership provision to less than 2% of income
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to fund continued capital investment

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A series of annual performance indicators have been agreed to monitor the achievement of the financial objectives. For 2019/20 all of the objectives have been achieved.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK 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 College is assessed by the Education and Skills Funding Agency and its forecast of Good financial health as at 31 July 2020 is awaiting confirmation.

RESOURCES

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

Following merger and curriculum growth, the College has increased the total number people it employed during the year from 473 (295 Full Time Equivalent) in 2018/19 (including Coulsdon staff from merger) to 516 (344 Full Time Equivalent) in 2019/20 of whom 336 (2018/19 - 311) are teaching staff.

The College has 6,264 students in total (2018/19: 5,982). The student population includes 2,557 16-18 year old students (2018/19: 2,500) (of which 1,476 study at the Croydon campus and 1,081 at Coulsdon). In addition, there were 214 Apprentices (2018/19: 265), 264 Higher Education students (2018/19: 289), 2,944 Adult Learners (2018/19: 2,575) and 285 students on full cost provision, including Year 11 students (2018/19: 279).

Tangible resources now comprise 3 unsecured sites, the Croydon campus at College Road, Croydon, the Coulsdon College campus at Placehouse Lane, Old Coulsdon and a building let on a long lease to a third party in Selhurst. The proceeds from the sale of the Barclay Road site in July 2018 are still being held within cash and short term investments for reinvestment in the Croydon campus. The detailed options in the Estates Strategy and curriculum developments in the nursing area, in the short term, mean those funds will start to be utilised during 2020/21.

The College has £16.6 million of net assets (including £32.7million pension liability) (2019: £23.97m) and long term debt of £6.9 million (2019: £7.6m).

Both Colleges have a good reputation locally and nationally. Maintaining distinct College brands is essential for the College's success at attracting students and external relationships.

STAKEHOLDERS

In line with other Colleges and with universities, Croydon College has many stakeholders. These include:

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers
- Local authorities
- Greater London Authority ('GLA')
- The local communities of Croydon and Coulsdon
- Other FE institutions
- Trade unions
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them at appropriate intervals through the College Internet site and by meetings.

PUBLIC BENEFIT

Croydon College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19 and 20.

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to 6,264 students, including 116 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking maths and English courses. The College adjusts its courses to meet the needs of local employers and provides training to 214 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of the educational background.

DEVELOPMENT AND PERFORMANCE

Financial results

Croydon College generated a deficit before other gains and losses for the year, including merger income repayment provisions and related costs, in the year of £1,322k (2018/19 – surplus of £8,751k, including one -off income of £5,232k and expenses of £4,420k relating to the merger with Coulsdon College). The Local Government Pension Scheme ('LGPS') FRS102 provision adjustments are significant this year, contributing £1,061k to the deficit before other gains and losses (2018/19 - £779k). The underlying operations of the College can be illustrated in the following table:

£'000	2019/20	2018/19
(Deficit)/surplus before other gains and losses for the year	(£1,322)	£8,751
Adjustments for merger and LGPS FRS102:		
Donation arising from merger	-	(5,232)
Merger grant repayment /(receipt)	370	(5,082)
Merger grant expenses	-	662
LGPS FRS 102 charge	1,061	779
Underlying operational surplus/ (deficit)	109	(122)

After significant actuarial loss in respect of the LGPS of £6.0m, total comprehensive (deficit) of £7,344k for the year was achieved (2018/19 – £6,403k comprehensive income).

In 2018/19, the College undertook a Type B merger with Coulsdon College on 12 February 2019 and accounted for the transaction using the Acquisition method accounting; the balance sheet at the date of merger was valued and the income and expenditure for Coulsdon College was incorporated from the date of merger only with the full year figures for Croydon College. The 2019/20 outturn reflects the first full year of activities with Coulsdon College.

Despite the COVID -19 pandemic and reduction in its activities, the College maintained achievement of its main grants, with the ESFA Adult Education Budget rules not requiring in year clawback. Catering and commercial lettings income was halted from early March, however the College was able to claim subsidy of the staff furloughed from the Government's Job Retention Scheme.

The College has cash and short term investments totalling £10,554k and accumulated reserves, including revaluation reserve of £16,629k as at 31st July 2020, compared to cash and short term investments of £10,663k and accumulated reserves of £23,973k as at 31st July 2019, with a significant increase in the LGPS FRS102 provision of £7.1m.

Tangible fixed asset additions during the year amounted to £713k (2018/19 - £533k), comprising building refurbishment of £172k (2018/19 - £111k) and equipment, mainly IT infrastructure and replacement IT equipment of £541k (2018/19 £422k), at both campuses.

The triennial valuation of the Local Government Defined Benefit Pension Liability established that the College's funding of its liabilities had increased from 73% at 31st March 2016 to 85% as at 31st March 2019 and although the Employer's contribution rate was increased by 8.1% from April 2020, the considerable lump sum payments made since the last valuation are no longer required.

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Cash flows and liquidity

Net cash flow inflows from operations were £1,388k (2018/19 - £1,657k).

During the year, the College made capital repayments of loans totalling £609k (2018/19: £779k, which included repayment of its LIBOR loan as part of the merger related Restructuring Facility finance). Interest charged of £288k (2018/19: £312k) was incurred for the College's loans. Short term investments totalling £53k were made in the year (2018/19: £4,001k). In total, there was an outflow of cash of £162k (2018/19: cash outflow of £3,390k).

The College continues to accumulate cash balances whilst it commences investment in its estate, particularly at Croydon. The College consider that it has adequate reserves to enable it to maintain operations during the COVID -19 pandemic.

Reserves

Excluding the revaluation reserve, the College has accumulated negative income and expenditure account reserves of £10,747k (2019: £3,403k). However, after adjustment for the Local Government Pension Scheme deficit, the College has accumulated positive income and expenditure account reserves of £21,932k (2019: £22,192k). The College's also has net current assets of £5,942 (2019: £6,033).

Whilst the College is striving to improve this and achieve an overall positive position in terms of its income and expenditure account reserves, it is mindful that this will be greatly influenced by the performance of the Croydon Local Government Pension Scheme and continuing ESFA grants to cover the substantial increased costs of the Teachers' Pension Scheme from April 2021.

The College also recognises that whilst the level of reserves is important, it is the level of cash availability and the ability to generate cash that is the most crucial factor to maintain financial stability, especially during the COVID-19 pandemic.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019/20 the FE funding bodies provided 79% (2018/19 – 75%) of the College's total income.

FUTURE PROSPECTS

Developments

Through increased 16-18 year old student recruitment, the College has reduced the deficit costs of the Coulsdon College activities for a further year. Efficiency savings are being made, particularly in the Corporate Services and, following the Summer 2020 cross College Student Services re-structure, in that area too. With a focus on maximising the contribution from all of its activities across both sites as the local demographic increases, a breakeven budget for 2020/21 has been set, a year earlier than originally planned at merger. The College aims to reduce dependency on funding bodies and is continually seeking viable suitable opportunities to achieve this, whilst planning to finalise its strategy for the introduction of T levels.

The College remains committed to as much face to face teaching as can be attained in 2020/21 whilst maintaining the health and safety of students and staff, with the options to move swiftly to a blended or on-line approach if required. The COVID-19 Response Group assess the weekly impact on College attendance, local transport issues, feedback from the staff and union working groups and student feedback, as well as reporting student attendance regularly to the Department of Education.

Financial Plan

The Croydon governors approved a financial plan in February 2020 which set objectives for the period to 31st July 2022, with a view to achieving break even budgets from 2020/21 onwards.

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Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College reserves have £nil held as restricted reserves. As at the balance sheet date, the Income and Expenditure deficit reserve stands at £(10,747)k, (2019:£(3,403)k). It is the Corporation's intention to maintain adequate reserves over the life of the strategic plan whilst funding the recovery of deficit operations at the Coulsdon campus to enable an operating surplus to be generated by 2020/21.

Going concern

The College currently has £6.948m of loans outstanding with Barclays Bank on terms negotiated in 2007 and 2010 with repayment due by 2030 and 2029. Neither of these loans is subject to a charge on the assets of the College. The College had closing cash balances and short term deposits totalling £10.554m as at 31 July 2020 and at present does not require, nor has in place, any overdraft facility. The College's forecast and financial projections indicate that it will be able to operate within the loan covenants for the foreseeable future.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College has undertaken further work during the year across both campuses, 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. As a result of the Covid-19 pandemic, it has developed new on line processes for application and enrolment of students, as well increased on line teaching resources, IT infrastructure and communication processes to students and parents.

Based on the Strategic Plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed and formulates a risk register. This identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the College. The plan outlines the necessary internal controls, which are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. Monitoring and progress against the plan is undertaken termly by each of the relevant sub committees of the Board with oversight by the Audit Committee.

In addition, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College. During 2019/20, a new COVID -19 Risk Register and Risk Management Plan was also formulated, reviewed and monitored by the Board to ensure the safety of staff and students whilst the College remained open for vulnerable students and prior to reopening for Year 12 students in June 2020.

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.

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1. The COVID 19 Pandemic

The College coped well with the Lockdown, moving a majority of students successfully to Online Learning, while continuing to be open to Vulnerable and High Needs students. With cases rising again across the country we continue to face the uncertainty of the pandemic. A COVID response group meets weekly, to oversee our actions and manage risk. Risks include:

- Protecting our College community and health and safety onsite, as the number of cases nationally rise.
- Student engagement in their learning, the nature of exams and how we protect the interests of our most vulnerable students
- Staff availability for teaching as rising number may need to isolate or may be ill
- Remote working and how we continue to support and motivate our staff who are working remotely
- Income especially from commercial contracts and apprenticeships as businesses face greater uncertainty and reduce staff
- Maintaining essential business operations if there is another lockdown.

These issues will be managed by the following actions:

- A wide range of protective measures to support the health and wellbeing of our College community identified through our risk assessment process
- Early induction to online learning, identification of students with inadequate IT access, a focus on identifying support needs
- Remote working guidance for managers, COVID staff group
- Systems changes to allow all main processes to be conducted remotely

2 Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through the Office for Students (previously HEFCE). In 2019/20 79% (2018/19: 75%) of the College's revenue was ultimately publicly funded and this level of requirement is expected to increase as demographic changes continue to drive the enrolment of young people. There is greater Government recognition of the role of Colleges, resulting in an increase to funding per 16-18 student and additional priority grants being awarded in 20/21, the first time for a number of years. 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.

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

- The new Learning and Skills white paper which is under development which is likely to bring some significant change to the Colleges operating environment.
- The ability of the College to access funding for non-levy employers
- The impact of the growing 16-18 demographic on student numbers, with funding lagging a year behind.
- The College's ability to grow Adult Education Budget delivery to meet demand which is being curtailed by the current GLA commissioning and procurement process
- The impact of Brexit, especially a no deal scenario, on student recruitment from the EU
- The impact of COVID 19 on recruitment and income.

These issues are managed by the following actions:

- By ensuring the College is rigorous in delivering high quality education and training which meet the needs of the local community and economy.
- Maintaining and managing key relationships with the various funding bodies, and applying for growth contracts where possible
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies, including the GLA for the devolved AEB grant.

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3 Growth of HE Provision

Higher Education continues to be a very competitive market, yet is crucial to the local economy and our students' progression. With more HE providers moving into the Borough we need to manage this risk carefully.

This risk is mitigated in a number of ways:

- Carefully aligning areas of growth to the local economy and the aspirations of our students
- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- By monitoring the progress of HE students to ensure continuation rates are high
- By evidencing the impact of HE on students' careers through providing professional advice and guidance and launching a wider range of employability activities to support student into employment.

4 Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. The College liaises with Croydon Council on a regular basis to ensure that contribution levels are at an appropriate level to provide members with the benefits to which they are entitled. The triennial actuarial valuation as at 31 March 2019 was published in January 2020, and resulted in significant increases in contribution per employee effective from April 2020, however this was partly compensated for the reduction of the lump sum payments previously paid. The impact of COVID-19 on the values of the assets and their performance could however mean future increased payments are due in the near future.

KEY PERFORMANCE INDICATORS

Post-merger, a number of key performance indicators have been agreed with the Department of Education for the period to 31 July 2021, to enable the merged College to achieve a sustainable basis from that date. The key areas for 2019/20 are:

KPI	2019/20 merged College targets	Actual 2019/20
Student numbers 16-18	2,483 funded	2,557 actual outturn
EBITDA excl. Restructuring Grant, associated merger costs and Capital grant release	4.33%	6.78%
Borrowings as a % of income	29.78%	29.49%
Adjusted current ratio excluding 2017-18 proceeds from Barclay Road Sale within cash reserves and ringfenced for investment in Croydon campus	1.42	1.50 excluding sale proceeds, 3.21 including sale proceeds.
Financial health score	Good	Good
Ofsted rating	Good	Good (self assessed)

Student Achievements

Achievement in classroom based learning for all ages for both campuses increased to 84.4% in 2019/20 from 80.4% in 2018/19. 16-18 achievement also increased by 6.5% points to 85.5% and 19+ achievements increased to 83%.

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Student Performance 2019/20 to 2018/19 – all College

Quality	19/20	18/19	18/19
Achievement Targets	Actual	Actual	Provider Group
Overall All	84.4%	80.4%	86.7%
Overall 16-18	85.5%	79.0%	83.4%
Overall 19+	83.0%	82.4%	89.9%
Apprenticeships – Overall*	66.7%	60.6%	67.1%
Apprenticeships – Timely*	42.3%	51.1%	58.0%

*The achievement rates for overall and timely apprenticeships may still change.

There is also year on year improvement for English and maths GCSE outcomes with high volumes of students making positive progress on their prior attainment.

As part of the College's annual self-assessment, areas of improvement identified are:

- **Outcomes require improvement to be good on functional skills and ESOL provision** where lower level learners had difficulty in adapting to online learning during lockdown.
- **Outcomes require improvement to be good on Construction, Engineering, Hospitality and Foundation Learning qualifications** where curriculum design and staffing issues have been challenging.
- **Outcomes require improvement to be good on apprenticeship programmes;** overall achievements continue to improve but timely achievements have fallen as a direct result of lockdown.

Curriculum developments

At Croydon, 2019/20 saw the embedding of exam based qualifications for vocational learners, as well as new Distance Learning provision alongside Subcontracted provision for non GLA funded adults.

Alongside the main qualifications on the 16-18 Study Programmes more work placements were provided, particularly to level 3 students to enhance their studies and increase their understanding of the commercial world. A number of students undertook an extended placement, piloting the model of the T level qualifications. Students also had increased access to a range of Citizenship experiences including a broad range of volunteering and community action activities which were available to both adult and 16-18 learners.

The College continued its contractual agreement with the local authority to accept year 11 students in discrete groups. Most students in this cohort were new arrivals to the UK or to the Authority and many were looked after children. These groups of students were recruited throughout the year and were quickly integrated into College life. Most students successfully graduated from the programme and are studying at the College in 2020/21 on the 16-18 Study Programme.

The College continued its contractual agreement with the local authority for learners with Special Educational Needs and Disabilities who were placed in new purpose built Pathway Centre which was opened at the Coulsdon Campus in September 2019 with provision for 24 learners. It is anticipated that this area of work will continue to grow with up to 30 students placed in 2020/21. A review of the high

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needs offer in 2019/20 is also resulting in increased numbers of learners with Education, Health and Care Plans coming to College in 2020/21.

The College apprenticeship sales department has been more successful in engaging with large employers, so recruiting more levy apprentices and reducing the reliance on non levy income. The apprenticeship management quality structure has tackled quality concerns improving the performance to above the national minimum level of performance of 62%, converted all apprenticeship provision from the old delivery of Frameworks to the new Standards and introduced a robust tutorial programme to ensure compliance with the new EIF Ofsted inspection expectations.

At Coulsdon, during 2019/20, all of the remaining vocational qualifications offered at Level 3 moved to the Reformed Qualification Framework (RQF) except where these are not available. The majority of leavers from Level 3 programmes continue to progress onto university degrees. The breadth of the curriculum offer for 2019/20 did not change and proved to be more popular with an increase in students, though this was particularly on Level 2 programmes. 2019/20 has seen a significant rise in applications for 2020/21 and growth in recruitment continues.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2019 to 31 July 2020, the College paid 79% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

Croydon College is located in the heart of Croydon, a large London borough with a diverse population. Equality is integral to everything we do. We are committed to making Croydon College a place of opportunity where everyone can belong.

Croydon College welcomes and celebrates diversity. We are dedicated to promoting equality of opportunity and to eliminating unlawful discrimination. We are also committed to social cohesion and value the benefits that diversity brings to the College and the wider community. The College is committed to ensuring that learning and teaching are available and accessible to a broad and inclusive range of students (including prospective students).

We will therefore:

- undertake assessments of individual students' needs;
- ensure lessons are planned and delivered using differentiated teaching strategies in order to ensure that diverse students' needs are met; and
- identify equality gaps in achievement, retention and success data and take action to address them appropriately.

We regularly evaluate how well we're doing in implementing our equality strategy. One of the ways we do this is to measure ourselves against a wide range of indicators.

These include:

- students' participation in College life;
- whether members of our community have trust and confidence in each other and in our organisation (such as how we deal with safeguarding, discipline, bullying and harassment, complaints and grievances);
- analysis of data such as students' ethnic background, disability, need for learning support, gender;
- analysis of students' attendance and retention, improvement against learning objectives, success rates and progression to other education or employment; and

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- listening to the views of students through student parliament and other representative groups.

The College's Equalities Statement is published on its website. The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

Job applicants with a disability who meet the essential criteria of a post are guaranteed an interview. 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 irrespective of an individual's protected characteristic. All staff receive training on equality and diversity with training for new starters and refresher training carried out on an ongoing basis.

Disability statement

The College, at all campuses, seeks to achieve the objectives set down in the Equality Act 2010:

- As part of its accommodation strategy the College regularly updates its access audit. Experts in this field are used as and when required.
- The College uses external advisors as and when required to provide information, advice and guidance to enable the College to arrange appropriate support for students with disabilities.
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- There is an admissions policy for all students with an appeals process.
- The College uses specialist lecturers and support staff to support students with learning difficulties and/or disabilities and other support for learning. There is a programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- Information on access to counselling and welfare services is provided to students together with the Compliments and Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires Colleges to publish information on facility time arrangements for trade union officials. For 2019/20, this information for the College is as follows:

Numbers of employees who were trade union officials during the year	FTE employee number
3	2+1 part time

Percentage of time	Number of employees
0%	-
1-50%	5
51-99%	-
100%	-
Total cost of facility time	£13k (including costs for a Union Official recharged by Collegiate Trust)
Total pay bill	£14,225k
Percentage of total bill spent on facility time	0.09%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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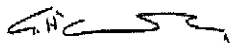
EVENTS AFTER THE REPORTING PERIOD

There are no events to be reported.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 9th December 2020 and signed on its behalf by:



**Gordon Smith
Chair**

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Statement of Corporate Governance and Internal Control

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

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. in accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the AOC Code");

In the opinion of the Governors, the College complies with all the provisions of the AOC Code, and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, 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 on 1 December 2015. The amendments to the Code of Good Governance that relate to Senior Post Holders Remuneration and the Senior Post Holders Remuneration Code were adopted by the Board on the 4 December 2019.

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 on public benefit and that the required statements appear elsewhere in these financial statements.

Public Value Statement:

Croydon College is ambitious for its community and seeks to provide outstanding education and training opportunities for all. We strive to raise aspirations and change the lives of the people living, working and learning around us. Our focus is on actively working in partnership to invest, grow and shape the services within our community, supporting economic growth through delivering skills for employment and enterprise.

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The Corporation

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

Name	Date of appointment/ reappointment	Term of office	Date of resignation /end of term of office	Category to which appointed	Committees/ Working Groups served	Attendance at meetings in year ended 31 July 2020 (Board & committees)
Jean Cook	10 July 2019 (reappointment)	4 yrs		Governor	Learning & Quality Croydon (Chair) Learning and Quality Coulson (Chair from 16 October 2019) Search & Governance Remuneration (until 21 October 2020)	100%
Gordon Smith (Chair of Governors)	10 July 2019 (reappointment)	4 yrs		Governor	Search & Governance Finance & Resources Remuneration	93%
Mark Wilson	5 July 2017	4 yrs	16 October 2019	Governor	Audit Committee (Chair from 1 February 2018)	N/A
Rosaleen Laird	13 March 2018	4 yrs	31 January 2020	Governor	Audit Committee (Chair) from 16 October 2019	33%
Varsha Mehta	11 July 2017	4 yrs	31 December 2019	Governor	Finances & Resources	67%
Tom Hesmondhalgh (Vice-Chair of Governors)	3 Oct 2017	4 yrs		Governor	Learning and Quality Coulson Search & Governance (Chair) Audit (Chair from 26 February 2020 to 17 May 2020)	84%
Nigel Dias	13 Mar 2018	4 yrs		Governor	Learning & Quality Croydon Audit	79%
Miriam Parker	5 December 2018	1 yr	31 August 2019	HE Student Governor	-	N/A
Christopher Wright	20 March 2019	4 yrs	24 February 2020	Governor	Finance & Resources Search & Governance Remuneration (Chair)	83%
Andrew Booth	20 March 2019	4 yrs		Governor	Learning and Quality Coulson	79%
Yvonne White	20 March 2019	1 yr	19 March 2020 (end of term)	Staff Governor	Learning and Quality Coulson	14%
Penny Wycherley	1 August 2019	4 yrs		Governor	Learning and Quality Croydon Learning and Quality Coulson	85%

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Rahel Haque	1 August 2019	4 yrs		Governor	Audit	80%
Andrew Lowe	1 August 2019	4 yrs		Governor	Finance & Resources (Chair from 26 February 2020)	90%
Evelyn Bayerlein	16 October 2019	1 yr	8 July 2019	Student Governor	Learning and Quality Coulsdon	36%
Arnold Amoako	16 October 2019	1 yr	8 July 2019	Student Governor	Learning and Quality Croydon	45%
Lucia Gutcherian	16 October 2019	4 yrs		Staff Governor	Learning and Quality Croydon	50%
Nasim Jivani-Hemani	26 February 2020	4 yrs		Governor	Finance & Resources Search and Governance and Remuneration (from 5 October 2020)	100%
Fiona Brennan	18 March 2020	4 yrs		Staff Governor	Learning and Quality Coulsdon	100%
Andrew Gilchrist	18 May 2020	4 yrs		Governor	Audit Committee (Chair from 18 May 2020)	75%
Catherine Boyd-Maunsell	04 June 2020	4 yrs		Governor	Finance and Resources Committee Search and Governance Remuneration (Chair from 21 October 2020)	67%
Tony Stevenson (Chair elect)	21 October 2020	4 yrs		Governor	Finance and Resources Committee Search and Governance Remuneration (from 21 October 2020)	N/A
Claudine Reid	21 October 2020	4 yrs		Governor	Learning and Quality Coulsdon Audit (from 21 October 2020)	N/A
Shyam Pillai	21 October 2020	1 yr		Student Governor	Learning and Quality Croydon	N/A
Abbigail Azirou	21 October 2020	1 yr		Student Governor	Learning and Quality Coulsdon	N/A

Mark Wilson resigned immediately prior to the first meeting in 2019/20, so attended no meetings during the year.

Jean Cook is the link Governor for the College's Safeguarding Committee, Nasim Jivani-Hemani is the link Governor for the College's Health and Safety Committee and Tom Hesmondhalgh is the link Governors for the College's Sustainability Committee.

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It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Following merger, a Learning and Quality Board was set up specifically for Coulsdon College.

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation and are reviewed annually. These committees are Finance and Resources, Remuneration, Search and Governance, Audit and Learning and Quality (Croydon and Coulsdon). Once approved, full minutes of meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Director of Governance /Clerk to the Corporation at: Croydon College, College Road, Croydon, Surrey CR9 1DX.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis. The Corporation and its Committees continued to meet as scheduled during the Coronavirus lockdown period. Additional Board meetings were held in May and June 2020 to allow the Board to scrutinise and approve the Executive's plans for wider reopening of the College to students from 15 June 2020 including the Covid 19 risk management plan and high level risk assessment. Attendance at Board and Committee meetings remained high during this period. A small number of urgent decisions that were required between meetings were approved by written resolution as permitted under the Corporation's Instruments and Articles and Standing Orders.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration.

In 2019/20 the Search and Governance Committee consisted of five members of the Corporation including the Principal. In 2019/20, the Search and Governance Committee recommended the appointment of three new external governors, who were appointed by the Board during the year. The new Governors bring expertise in audit, finance and human resources, which complement the existing skills on the Board. A comprehensive induction pack has been provided to all new Governors. Formal induction for the two newest external Governors, who were appointed in May and June 2020, has been delayed because of the impact of the coronavirus pandemic, but took place during the Autumn term 2020.

In December 2019 the Board approved an external selection process for the appointment of a new Chair of the Board. An external search agency was appointed to run the recruitment process, which

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was overseen by the Search and Governance Committee. The role was advertised externally and both external candidates and current Governors (excluding staff and student Governors) were eligible to apply.

The selection process was suspended in March 2020 because of the impact of the coronavirus pandemic and the current Chair, who had intended to step down at the end of the 2019/20 academic year, agreed to continue until the end of the Autumn term 2020.

The search process restarted in late July 2020 and interviews took place in September 2020. The selection process and the panel's recommendations were scrutinised by the Search and Governance Committee in early October 2020 and a formal recommendation to appoint both a Chair elect and a new Governor from the shortlisted candidates was approved by the Board at its meeting on 21 October 2020. It is intended that the new Chair will take over formally following the Board meeting on 9 December 2020.

Corporation Performance

Good governance principles require that FE Boards should self-assess their activities and performance at least every three years in terms of effectiveness, operational efficiency and compliance.

For 2019/20

During 2019/20 to improve board effectiveness the College commissioned a Board Development programme to improve the effectiveness of the Board and how it worked with the Executive. This was led by an external consultant specialising in Governance, and included an external assessment of the Board's current performance. The development programme covered the following areas:

- A review of governance structures, processes and behaviours, including information presented to the Board, to ensure that Governors are receiving the right information at the right time in order to enable them to challenge the Executive effectively;
- Succession planning for a new Chair;
- A skills audit to identify the skills of existing Governors, to ensure they are used to best effect and to identify any gaps to inform the recruitment of future Governors

The overall outcomes of the external assessment of the Board's performance were positive. The review found that Governors demonstrated a high level of commitment and willingness to contribute. They were motivated by the potential of the College to impact positively on the lives of its students, many of whom came from disadvantaged backgrounds. Governors were well supported by the current Chair, the Principal, the Executive Team and the Clerk, with good working relationships in place. The current Chair was particularly complimented. There was a good breadth of knowledge of the education sector and of professional skills and knowledge across the Board. There was a knowledge gap in finance and accountancy which has been addressed by the appointment of two external Governors with skills in these areas during 2019/20.

The outputs of this work were as follows:

- A development programme for the Board as a whole
- Identification of any skill gaps to inform future recruitment of Governors
- Identification of individual Governors training and development needs
- An outline succession plan for the new Chair

Some of the activities in the Board development programme planned for the Spring and Summer terms had to be postponed because of the Covid 19 pandemic, but one to one meetings have taken place between the majority of Governors and the Chair to assess their performance, obtain feedback on the effectiveness of the Board and its Committees and identify individual training needs.

The Search and Governance Committee monitored the delivery of the above and agreed the Board self-assessment mechanism to be used in 2019/20. The outcome of this is detailed in the Statement on Internal Control.

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Remuneration Committee

The membership of the Remuneration Committee in 2019/20 mirrors the membership of the Search and Governance Committee, with the exception of the Principal who is not a member of the Remuneration Committee. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel. The membership of the Remuneration Committee in 2019/20 is stated in the membership table above.

Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

A separate Remuneration Report has been published by the Corporation in compliance with the requirements of the AoC Senior Postholder Remuneration Code.

Audit Committee

The Audit Committee is comprised of a minimum of three members of the Corporation (excluding the Accounting Officer and Chair) during 2019/20. Following the Committee Chair's resignation from the Board from 31st January 2020, the Committee was chaired on an interim basis by the Vice-Chair of the Board. A new external Governor, with experience of Audit Committee chairing, was appointed in May 2020 and has taken on this role. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

The Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation. Under the direction of the Audit Committee, the College tendered for its external audit services during 2019/20. Following a robust selection process, which included members of the Audit Committee, the Board appointed Buzzacott LLP as its External Auditors from 2019/20, replacing BDO.

Finance and Resources Committee

The Finance and Resources Committee has a membership of five governors, including the Accounting Officer and Chair of the Corporation. The remit of this committee is to contribute to those aspects of the College Strategic Plan which affect the deployment of financial, human, property or other capital resources and to ensure that resources are used effectively and efficiently.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies,

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aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Croydon College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Croydon College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

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

The Audit Committee was provided with regular reports on this assurance activity in the College.

Risks faced by the corporation

The risks to the attainment of the College's strategic plan to 2024 are rated as low, with the exception of the risk of maintaining Good financial health for the period, which is scored as medium for the risks outlined earlier in the Principal Risks and Uncertainties section of the Members' report.

Responsibilities under funding agreements

The Audit Committee set a number of internal audits during the year as part of a 3-year cycle to review key systems and controls, such as finance, learner numbers, apprenticeships, DSATs, IT security, health and safety, HE data, estates management, procurement, safeguarding, HR recruitment, course

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planning, budgeting and Governance to enable it to confirm that responsibilities under funding agreements with the ESFA and GLA have been met.

Statement from the Audit Committee

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

The specific areas of work undertaken by the Audit Committee in 2019/20 and up to the date of the approval of the financial statements are:

Area of review	Conclusions	Recommendations – H (high), M (medium) or L (low)
Governance	Substantial assurance	M, L
Quality assurance	Substantial assurance	M, L x 3
Key Financial Controls	Substantial assurance	-
Follow up from previous years	Reasonable progress	H, M x 14, L x 3
Recruitment and Onboarding	No opinion/advisory	M x 2, L x 3
DSAT review	No opinion/advisory	M x 4, L x 7
Learner numbers – classroom based	No opinion/advisory	M, L x 3
Learner numbers – apprenticeships	No opinion/advisory	H, M x 5, L x 8

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her 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 reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by reviewing a range of information including attendance information, performance against KPIs, compliance with the AoC Code of Good Governance, an overview of 1-2-1s between the Chair and Governors and an updated skills audit, and taking account of events since 31 July 2020.

The Board's conclusions were that its membership included a broad range of skills and experience. The Chair was respected and performs his role well. There was a strong Principal & CEO and Executive team and the Committees were working effectively.

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

There had been a very significant amount of change on the Governing Body during 2019/20 with six new external Governors appointed, plus two new staff Governors. A Chair elect and a further new Governor had also been appointed in early 2020/21. Opportunities for the new Chair and Governors to build relationships with one another would be an area of focus in 2020/21, as would greater direct engagement between Governors and students/staff. There also needed to be increased focus on strategy and equality and diversity at Board level.

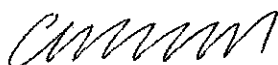
Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources,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

Going concern

The College has prepared a detailed budget for the year to 31 July 2021 and an indicative forecast for the year to 31 July 2022. This assumes that the funding levels advised by the ESFA will be made available to the College and that the majority of these funds will be utilised. A monthly cash flow forecast has been prepared for the financial year to 31 July 2021 and beyond through to 31 December 2021 which indicates that the College will have sufficient funds to meet its liabilities.

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

Approved by order of the members of the Corporation on 9 December 2020 and signed on its behalf by:



Caireen Mitchell
Accounting Officer



Gordon Smith
Chair of Governors

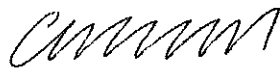
CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

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

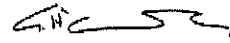
The corporation has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with ESFA.

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

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



Caireen Mitchell
Accounting Officer
9 December 2020



Gordon Smith
Chair of Governors
9 December 2020

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *2015 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 the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

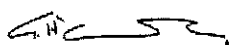
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that 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 ESFA's grant funding agreements and contracts 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 9 December 2020 and signed on its behalf by:



Gordon Smith
Chair of Governors

CROYDON COLLEGE

MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF CROYDON COLLEGE

Opinion

We have audited the financial statements of Croydon College ("the College") for the year ended 31 July 2020 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, in all material respects,

- the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended. We have taken into account relevant statutory and other mandatory disclosures and accounting requirements, and the requirements of the OfS and other funders;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statement have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation;
- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS, the Education and Skills Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS accounts direction have been met.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic report, Statement of Corporate Governance and Internal Controls and the Governing body's statement on the College's regularity, propriety and propriety compliance with the

CROYDON COLLEGE MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following matter in relation to which the Office for Students requires us to report to you, if in our opinion:

- the College's grant and fee income, as disclosed in Note 2 to these financial statements has been materially misstated.

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 28, 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.

Auditor's responsibilities for the audit of the financial statements

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

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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.

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

**CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020**

the opinions we have formed.

A handwritten signature in cursive script, appearing to read 'Buzzacott LLP', is written in dark ink.

16 December 2020

Buzzacott LLP
Chartered Accountants and Registered Auditor
130 Wood Street
London
EC2V 6DL

Reporting accountant's assurance report on regularity

To: The Corporation of Croydon College 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 5 August 2020 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Croydon College ("the College") during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice issued by 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 ESFA has other assurance arrangements in place.

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

Respective responsibilities of Croydon College and the reporting accountant

The Corporation of Croydon College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, 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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

**CROYDON COLLEGE
MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020**

Reporting accountant's assurance report on regularity (continued)

The work undertaken to draw to our conclusion includes:

- Documentation and walkthrough of relevant controls on significant transaction streams to assess the adequacy of design of relevant controls and whether they appear to have been implemented;
- Review of the books and records of the Corporation, along with associated minutes and registers as appropriate for matters relevant to the regularity requirements;
- Review of the Corporation's completed Self-Assessment Questionnaire (Annex C of the Post-16 Audit Code of Practice) for the Corporation's responses and supporting evidence to each of the regularity requirements;
- Testing of material income streams for matters relevant to the regularity requirements;
- Testing of specific areas required to provide a limited assurance opinion, including but not limited to, expenditure and payroll amendments.

Conclusion

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



16 December 2020

Buzzacott LLP
Chartered Accountants and Registered Auditors
130 Wood Street
London
EC2V 6DL

Croydon College

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31st July 2020	Year ended 31st July 2019
INCOME	Notes	£'000	£'000
Funding body grants	2	20,545	21,527
Tuition fees and education contracts	3	4,262	3,993
Other grants and contracts	4	245	-
Other income	5	804	872
Investment income	6	82	78
Donation on acquisition		-	5,232
Total income		25,938	31,702
EXPENDITURE			
Staff costs	7	16,625	14,301
Other operating expenses	8	7,128	5,857
Depreciation	10	2,676	1,898
Interest and other finance costs	9	831	895
Total expenditure		27,260	22,951
(Deficit)/surplus before other gains		(1,322)	8,751
Profit on disposal of fixed assets		-	-
(Deficit)/surplus before tax		(1,322)	8,751
Taxation		-	-
(Deficit)/surplus for the year		(1,322)	8,751
Other recognised gains and losses			
Actuarial loss in respect of pensions schemes	19	(6,022)	(2,348)
Total Comprehensive (deficit) / income for the year		(7,344)	6,403

The notes on pages 38-57 form part of these financial statements.

The statement of comprehensive income is in respect of continuing activities

Croydon College

STATEMENT OF CHANGES IN RESERVES

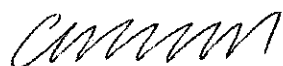
	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1st August 2018	(9,806)	27,376	17,570
Surplus from the statement of comprehensive income	8,751	-	8,751
Actuarial loss in respect of pension schemes	(2,348)	-	(2,348)
Balance at 31st July 2019	(3,403)	27,376	23,973
Deficit from the statement of comprehensive income	(1,322)	-	(1,322)
Actuarial loss in respect of pension schemes	(6,022)	-	(6,022)
Balance at 31st July 2020	(10,747)	27,376	16,629

Croydon College

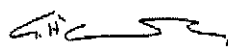
BALANCE SHEET AS AT 31 JULY 2020

	Notes	As at 31 July 2020 £'000	As at 31 July 2019 £'000
Non-current assets			
Tangible assets	10	96,436	98,399
		<u>96,436</u>	<u>98,399</u>
Current assets			
Trade and other receivables	11	1,007	1,512
Short term deposits		7,110	7,057
Cash and cash equivalents		<u>3,444</u>	<u>3,606</u>
		11,561	12,175
Less: Creditors – amounts falling due within one year	12	<u>(5,619)</u>	<u>(6,142)</u>
Net current assets		<u>5,942</u>	<u>6,033</u>
Total assets less current liabilities		102,378	104,432
Creditors – amounts falling due after more than one year	13	(51,045)	(52,775)
Provisions			
Defined benefit obligations	19	(32,679)	(25,595)
Other provisions	15	<u>(2,025)</u>	<u>(2,089)</u>
Total net assets		<u>16,629</u>	<u>23,973</u>
Unrestricted Reserves			
Income and expenditure account		(10,747)	(3,403)
Revaluation reserve		<u>27,376</u>	<u>27,376</u>
Total unrestricted reserves		<u>16,629</u>	<u>23,973</u>

The financial statements on pages 34-57 were approved by the Corporation and authorised for issue on 9th December 2020 and were signed on its behalf on that date by:



Caireen Mitchell
Principal and CEO Croydon College



Gordon Smith
Chair, Croydon College

Croydon College

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Cash flow from operating activities		
(Deficit)/surplus for the year	(1,322)	8,751
Adjustment for non-cash items		
Depreciation	2,676	1,898
Merger Grant:		
Total grant	-	(5,082)
Cash items - revenue and capital grants	-	1,316
Fair Value adjustment excluding cash	-	(4,703)
Decrease/(increase) in debtors	505	(314)
(Decrease)/increase in creditors due within one year	(482)	216
(Decrease) in creditors due after one year	(1,179)	(1,462)
(Decrease)/increase in provisions	(62)	24
Pensions costs less contributions payable	518	196
Adjustment for investing or financing activities		
Investment income	(96)	(78)
Interest payable	830	895
Net cash inflow from operating activities	1,388	1,657
Cash flows from investing activities		
Capital Grants received	77	181
Investment income	96	78
Increase in short term investments	(53)	(4,001)
Restructuring facilities grant received - Lennartz	-	1,164
Settlement of Lennartz liability – capitalised	-	(1,164)
Cash balances received due to merger	-	529
Payment made to acquire fixed assets	(773)	(743)
	(653)	(3,956)
Cash flows from financing activities		
Interest paid	(288)	(312)
Repayments of borrowings	(609)	(779)
	(897)	(1,091)
Decrease in cash and cash equivalents in the year	(162)	(3,390)
Cash and cash equivalents at beginning of the year	3,606	6,996
Cash and cash equivalents at end of the year	3,444	3,606
	(162)	(3,390)

1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102). 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 FRS102 requires the use of certain 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 historic cost convention as modified by the revaluation of certain fixed assets. In 2018/19, the merger with Coulsdon College was incorporated within these financial statements in accordance with Acquisition Accounting methodology whereby the assets and liabilities, valued as at 12th February 2019, were included in the Balance Sheet at that date and the income and expenses from 12th February 2019 included within the Statement of Comprehensive Income.

GOING CONCERN

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

The College currently has £6.948m of loans outstanding with Barclays Bank on terms negotiated in 2007 and 2010 with repayment due by 2030 and 2029. Neither of these loans is subject to a charge on the assets of the College. The College had closing cash balances and short term deposits totalling £10.554m as at 31 July 2020 and at present does not require, nor has in place, any overdraft facility. The College’s forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

RECOGNITION OF INCOME

REVENUE GRANT FUNDING

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

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

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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

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

CAPITAL GRANT FUNDING

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions are met.

FEE INCOME

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.

INVESTMENT INCOME

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

AGENCY ARRANGEMENT

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

OTHER INCOME

Other income is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

ACCOUNTING FOR POST-EMPLOYMENT BENEFITS

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

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.

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

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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 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 other recognised gains and losses in the Statement of Comprehensive Income.

SHORT TERM EMPLOYMENT BENEFITS

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

ENHANCED PENSIONS

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

NON-CURRENT ASSETS - TANGIBLE FIXED ASSETS

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

Land and buildings

Freehold land at both campuses is not depreciated as it is considered to have an infinite useful life. The values included in the balance sheet for the Croydon campus are based on a valuation as at 31 July 2015 with a policy to revalue in the future.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. The Croydon campus buildings were revalued in 2013 and it has been decided not to adopt a policy of revaluations of these properties in the future. The Coulsdon campus buildings were valued as at 12th February 2019 at depreciated replacement cost.

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

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

Investment Property

The investment property, which is leased on a long lease to the Brit School, is included in the financial statements at fair value. Formal revaluations are undertaken every 3 years to ensure that its carrying value has not been impaired, and this was last undertaken in July 2018. The Corporation are satisfied

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

that the fair value has not changed materially in the period to 31 July 2020 given the nature of the lease agreement and the occupation of the building by the School.

As a result of the Coronavirus pandemic, less weight can be attached to previous market evidence to inform opinions of value. Consequently, less certainty can be attached to the valuation of investment property than would normally be the case. This applies to all property valuations in the UK.

Equipment

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

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

Plant	-	10 years
Motor vehicles	-	5 years
Computer equipment	-	4 years
General equipment	-	5 years
Fixtures and fittings	-	5 years

BORROWING COSTS

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

LEASED ASSETS

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

OTHER INVESTMENTS

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits which have a maturity of less than three months and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Deposits with a maturity of more than three months are classified as Short Term Deposits.

FINANCIAL LIABILITIES AND EQUITY

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

TAXATION

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

categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when

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

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

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

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

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- *Budgets and cashflow forecasts for the coming year*
The Budget set for the following financial year is for a break even position, and the cash flows for the forthcoming 12 months indicate that the College has sufficient cash reserves throughout the period to meet all of its financial obligations.

2 Funding body grants

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency -16 -18	14,050	10,782
Education and Skills Funding Agency - adults	1,439	4,197
Greater London Authority - adults	3,464	-
Education and Skills Funding Agency - apprenticeships	87	242
Education and Skills Funding Agency - prior year	(102)	12
Office for Students	127	126
Specific grants		
Restructuring Facility Grant	(370)	5,082
Teachers' Pension Contribution Grant	483	-
Releases of government capital grants	1,367	1,086
Total	20,545	21,527

Income related to students studying Higher Education courses at Level 4 and above is as follows:

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Grant income from the Office for Students (Note2)	127	126
Fee income for taught awards (included in Note 3 below)	1,306	1,497

3 Tuition fees and education contracts

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Apprenticeship fees (incl Levy contracts)	313	199
Fees for FE loan supported courses	1,293	1,332
Fees for HE loan supported courses	1,293	1,494
International student fees	27	6
Total tuition fees	2,926	3,031
Education contracts (incl Non Levy Apprenticeship contract)	1,336	962
Total	4,262	3,993

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

4 Other Grants and contracts

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Erasmus	33	-
Other grant income	170	-
Coronavirus Job Retentions Scheme income	42	-
Total	245	-

The corporation furloughed most of the catering staff under the government's Coronavirus Job Retention Scheme. The funding received relates to staff costs which are included within the staff costs note below as appropriate.

5 Other income

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Catering income	276	216
Rental income	275	325
Student related income	101	90
Other income	152	241
Total	804	872

6 Investment income

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Other interest receivable	82	78
	82	78

7 Staff costs

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

	Year ended 31st July 2020	Year ended 31st July 2019
	No.	No.
Teaching staff	336	311
Non-teaching staff	180	162
	516	473

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

	Year ended 31st July 2020	Year ended 31st July 2019
Staff costs for the above persons:	£'000	£'000
	No.	No.
Wages and salaries	11,130	9,358
Social security costs	1,001	859
Other pension cost (including FRS102 Debit adjustment of £518k (2019: £196k) Note 19	3,386	2,512
Payroll sub total	15,517	12,729
Contracted out staffing services	937	1,387
	16,454	14,116
Re-organisation costs		
Non Contractual	80	31
Contractual	91	154
	171	185
Total staff costs	16,625	14,301

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal & CEO, Vice Principals, Principal of Coulsdon College and Director of Human Resources (to 28th November 2019), as noted on Page 2.

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>9</u>

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

The number of key management personnel and other staff with a full time equivalent salary of £60,000 or more who received annual emoluments, excluding employer contributions to national insurance and pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	Year ended 31st July 2020	Year ended 31st July 2019	Year ended 31st July 2020	Year ended 31st July 2019
	No.	No.	No.	No.
£10,000 to £15,000 p.a.	-	-	1	-
£15,001 to £20,000 p.a.	-	1	-	-
£20,001 to £25,000 p.a.	1	-	1	-
£25,001 to £30,000 p.a.	-	1	1	-
£35,001 to £40,000 p.a.	-	1	-	-
£45,001 to £50,000 p.a.	-	-	1	-
£50,001 to £55,000 p.a.	-	1	-	-
£55,001 to £60,000 p.a.	-	1	-	-
£60,001 to £65,000 p.a.	-	-	4	4
£65,001 to £70,000 p.a.	-	1	-	1
£70,001 to £75,000 p.a.	-	1	1	1
£80,001 to £85,000 p.a.	1	-	-	-
£85,001 to £90,000 p.a.	2	-	-	-
£95,001 to £100,000 p.a.	1	1	-	-
£140,001 to £145,000 p.a.	-	1	-	-
£145,001 to £150,000 p.a.	1	-	-	-
	6	9	9	6

Key management personnel emoluments are made up as follows:

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Salaries	540	563
Employers National Insurance	70	70
Benefit in kind	2	1
	612	634
Pension contributions	116	92
Total emoluments	728	726

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. Compensation for loss of office of £11,783 was paid in the year to acc staff member earning over £60,000.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer). This position has been held by Caireen Mitchell since 15 April 2018.

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Salaries	145	143
Benefit in kind	1	1
	<u>146</u>	<u>144</u>
Pension contributions	30	25
Total emoluments	<u>176</u>	<u>169</u>

	Year ended 31st July 2020	Year ended 31st July 2019 restated
Multiple based on basic salary	5.33	5.32
Multiple based on total remuneration	6.42	6.24

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. The 2018/19 comparative has been restated, as the full year effect of merger has now been reflected in the comparative.

The Principal and CEO reports to the Chair of the Corporation, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The remuneration for the Principal and CEO and the Vice Principal Finance and Resources (who reports to the Principal and CEO) are subject to annual review by the Corporation, who use benchmarking information to provide objective guidance. The Corporation has adopted the AoC's Senior Post Holders Remuneration Code and will assess pay for the Principal and CEO and the Vice Principal Finance and Resources in line with its principles in future.

The Vice Principal Training, Skills and HE, Vice Principal Education and Quality, the Director of Human Resources (to 28th November 2019) and the Principal at Coulsdon Sixth Form College report to the Principal and CEO, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The Principal and CEO also uses benchmarking information (local/national Colleges' information) to provide objective guidance.

8 Other operating expenses

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Teaching costs	2,439	1,662
Non- teaching costs	2,878	2,631
Premises costs	<u>1,811</u>	<u>1,564</u>
Total	<u>7,128</u>	<u>5,857</u>

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

Other operating expenses include:	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	30	35
Internal audit	36	51
Other	-	15
Payment to Sub-contractors	404	189
Hire of assets under operating leases	37	55

9 Interest payable

	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
On bank loans repayable within 5 years, by instalments	288	312
Pension finance costs (note 19)	543	583
Total	831	895

10 Tangible fixed assets

	Investments £'000	Land £'000	Buildings £'000	Equipment £'000	Total £'000
Cost or Valuation					
At 1 August 2019	5,730	25,216	72,916	11,789	115,651
Transfer	-	-	-	-	-
Additions	-	-	172	541	713
At 31 July 2020	5,730	25,216	73,088	12,330	116,364
Depreciation					
At 1 August 2019	-	-	(6,725)	(10,527)	(17,252)
Charge for the year	-	-	(2,054)	(622)	(2,676)
At 31 July 2020	-	-	(8,779)	(11,149)	(19,928)
Net book value at 31 July 2020	5,730	25,216	64,309	1,181	96,436
Net book value at 31 July 2019	5,730	25,216	66,191	1,262	98,399

Croydon campus buildings were revalued by GVA Grimley Ltd, international property consultants as at 31 July 2013 and the College has taken the decision not to revalue these in future. Land at the Croydon campus was revalued by GVA Grimley Ltd in July 2015 and will be revalued on an ongoing basis. Coulsdon campus land and buildings were valued by Gerald Eve at depreciated replacement cost as at 12 February 2019. The College considers that there has been no material change in land values for other locations and hence no adjustments have been made to the 31 July 2015 valuation.

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

The part of the Selhurst site which remains in the Corporation's ownership as an investment property was last formally revalued in July 2018 to a value of £5,730,000. The Corporation are satisfied that the fair value of the property has not changed materially in the period to 31 July 2020, given the long term nature of the lease agreement and the occupation of the building by the School. If inherited buildings had not been re-valued, they would have been included at the following amounts: Cost £Nil, aggregate depreciation based on cost £Nil, net book value based on cost £Nil.

Land and buildings with a net book value of £58.25m at the Croydon campus and £30.19m at the Coulsdon campus have been partly financed by exchequer funds, through the receipt of capital grant. Should these assets be sold, the College may be liable, under the terms of the agreements with the relevant funding bodies to surrender the proceeds.

11 Debtors

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Amounts falling due within one year:		
Trade receivables	338	865
Other debtors	-	13
Prepayments and accrued income	616	634
Amounts owed by the Education and Skills Funding Agency	53	-
Total	1,007	1,512

12 Creditors: amounts falling due within one year

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Bank loans due in one year or less (Note 14)	628	610
Trade creditors	331	720
Payments received in advance	664	884
Other creditors	301	459
Other taxation and social security	274	265
Accruals and deferred income	895	898
Holiday pay accruals	628	612
Deferred income – government capital grants	1,353	1,462
Amounts owed to the Education and Skills Funding Agency	545	232
Total	5,619	6,142

13 Creditors: amounts falling due after one year

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Bank loans (Note 14)	6,320	6,948
Deferred income - government capital grants	44,725	45,827
Total	51,045	52,775

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

14 Maturity of debt

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Bank loans are repayable as follows:		
In one year or less	628	610
Between one and two years	644	628
Between two and five years	2,055	1,994
In five years or more	3,621	4,327
Total	6,948	7,559

15 Provisions

	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2019	1,937	152	2,089
Release of provision in the year	(151)	(60)	(211)
Actuarial adjustment at year end	147	-	147
At 31 July 2020	1,933	92	2,025

Other provisions mainly relate to potential obligations for restructuring costs and additional Teachers Pension contributions.

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. This provision has been recalculated in accordance with guidance issued by the funding bodies.

16 Capital and other commitments

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Commitments contracted as at 31 July	13	153

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

17 Lease obligations

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Amounts payable as Lessee		
Equipment:		
Not later than one year	37	55
Later than one year and not later than five	9	50
Later than five years	-	-
Total	46	105

Amounts receivable as Lessor

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

Land and Buildings:		
Not later than one year	256	256
Later than one year and not later than five	1,025	1,025
Later than five years	2,862	3,119
Total	4,143	4,400

18 Financial Instruments

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Financial assets measured at amortised cost		
Prepayments and accrued income	616	634
Other debtors	391	878
Total	1,007	1,512
Financial liabilities measured at amortised cost		
Trade creditors	331	720
Other creditors	302	459
Holiday pay accruals	628	612
Amounts due to ESFA	545	232
Accruals	895	898
Total	2,701	2,921

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

19 Pension and similar obligations

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

Total pension cost for the year	Year ended 31st July 2020	Year ended 31st July 2019
	£'000	£'000
Teachers' Pension Scheme: contributions paid	1,276	749
Local Government Pension Scheme:		
Contributions paid	1,445	1,441
FRS 102 (28) charge	518	196
Charge to the Statement of Comprehensive Income	1,963	1,637
Enhanced pension charge to Statement of Comprehensive Income	147	212
Total pension cost for the year within staff costs	3,386	2,598

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

There were outstanding contributions due to TPS of £163,712 (2019 £118,189) and LGPS of £116,486 (2020 £155,019) as at 31 July 2020. These amounts are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including Colleges. 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 FRS102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department of Education ('the Department') in April 2019. The valuation reported:

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

- New employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% of pensionable pay during 2018/19). The Department has agreed to pay a teacher pension employer contribution grant to cover the additional costs for the 2019/20 academic year and up to 31 March 2021 ;
- 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;

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. <https://www.teacherspensions.co.uk>

The pension costs paid to TPS in the year amounted to £1,276,000 (2019: £1,163,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Croydon Local Authority. The total contributions made for the year ended 31 July 2020 were £1,718,000 of which employer's contributions totalled £876,000 and employees' contributions totalled £273,000. An additional lump sum premium of £569,000 was also made to 31st March 2020. The agreed employer contribution rates for Croydon College up to 31st March 2019 was 17.1% and for Coulsdon campus staff up to 31 March 2019 was 18.3%. As a result of merger, from 1 April 2019, the employer rate for all employees increased to 17.7%. Following the triennial valuation of the scheme, the employer rate increased again to 25.8% from 1st April 2020 to 31st March 2023, however no further lump sums are payable. The contribution rates for employees range from 5.5% to 7.5% depending on salary.

Principal Actuarial Assumptions

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

	Year ended 31st July 2020	Year ended 31st July 2019
Pension Increase Rate (CPI)	2.2%	2.4%
Salary Increase Rate	2.2%	2.9%
Discount Rate for scheme liabilities	1.4%	2.1%
Commutation of pensions to lump sums		
Pre - April 2008 service	50%	50%
Post - April 2008 service	75%	75%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service. The current mortality assumptions include an allowance for smoothing of recent mortality experience and long-term rates of 1.25% for males and females. The assumed

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

life expectations on retirement are:

	Year ended 31st July 2020 years	Year ended 31st July 2019 years
<i>Current Pensioners</i>		
Males	21.9	21.3
Females	23.9	23.4
<i>Future Pensioners*</i>		
Males	22.5	22.3
Females	25.3	24.8

* Figures assume members aged 45 as at the last formal valuation date.

	Long-term rate of return expected at 31 July	Fair Value at 31st July 2020 £'000	Long-term rate of return expected at 31 July	Fair Value at 31st July 2019 £'000
Equities	62%	26,997	63.0%	29,272
Bonds	23%	10,015	22.0%	10,222
Property	14%	6,096	14.0%	6,505
Cash	1%	435	1.0%	465
Total fair value of plan assets		43,543		46,464
Actual return on plan assets (1 July - 30 June)		4.7%		10.5%
Long term discount rate		1.4%		2.1%

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

	Year ended 31st July 2020 £'000	Year ended 31st July 2019 £'000
Fair value of plan assets	43,543	46,464
Present value of plan liabilities	(76,117)	(71,958)
Present value of unfunded liabilities	(105)	(101)
Net pensions liability	(32,679)	(25,595)

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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

Amount included in staff costs

Current service cost	1,951	1,526
Past service cost	18	153

Total	1,969	1,679
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Amount included in interest payable:

Net interest cost	543	583
	543	583

Amount recognised in other comprehensive income

Return on pension plan assets	(3,974)	3,615
Experience losses arising on defined benefit obligations	-	(3)
Changes in assumptions underlying the present value of plan	(2,048)	(5,960)

Total	(6,022)	(2,348)
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Movement in net defined benefit liability during year:	£'000	£'000
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Net defined benefit liability in scheme at 1st August	(25,595)	(19,818)
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Movement in year:

Current service cost	(1,951)	(1,526)
Employer contributions	1,451	1,483
Past service cost	(18)	(153)
Net interest on the defined liability	(543)	(583)
Actuarial gain or loss	(6,022)	(2,348)
Effect of business combination	-	(2,650)

Net defined benefit liability at 31 July	(32,679)	(25,595)
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Changes in the present value of defined benefit obligations:

Defined benefit obligations as at 1 August	72,059	56,181
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Current service cost	1,951	1,526
Interest cost	1,522	1,671
Contributions by Scheme participants	273	258
Experience gains and losses on defined benefit obligations	(1,650)	(1,335)
Changes in financial assumptions	6,668	10,168
Changes in demographic assumptions	1,696	(3,700)
Past service cost	18	150
Other experience gain/(loss)	(6,316)	3
Effect of business combination	-	7,137

Defined benefit obligations at 31 July	76,222	72,059
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Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

Changes in fair value of plan assets:

Fair value of plan assets at 1st August	46,464	36,363
Interest on plan assets	979	1,088
Return on plan assets	(3,974)	3,615
Employer contributions	1,451	1,483
Contributions by Scheme participants	273	258
Estimated benefits paid	(1,650)	(1,335)
Effect of business combination	-	4,992
Fair value of plan assets at 31st July	43,543	46,464

These accounts show a closing obligation of £25k for changes to GMP indexation in public pension services schemes and a cost of past service cost of £18k in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. These provisions total just over 0.13% of the total scheme liability as at 31 July 2020. The calculation of adjustment to past service costs, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption.

20 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors 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 board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Mr Gordon Smith, Chair of the Board, is employed by the Collegiate Trust, who employ and recharge costs for the NEU Union to local schools. Coulsdon College was also part of this arrangement for its support staff. In 2019/20, Croydon College continued to recognise the NEU Union and paid £2,895 to the Trust for this facility.

Ms Rosaleen Liard, Croydon College Governor until 31st January 2020, was also Chief Executive Officer of Chequers Group, leaving their employment on 31st August 2019. This company provides cleaning services to Coulsdon College under a fixed term contract (existent at merger) to December 2019, subsequently currently extended to 28 February 2021. From 1 August 2019 to the date Ms Liard resigned from the Board, a sum of £64,423 was paid to Chequers Group.

The total expenses paid on behalf of the Governors during the year was £ nil Governors (2019: £164 - 1 Governor)

Croydon College

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

21 Amount disbursed as agent

	As at 31st July 2020 £'000	As at 31st July 2019 £'000
Balance brought forward	156	195
EFA funding body grants –16-18 bursary support	461	346
	<hr/> 617	<hr/> 541
Disbursed to students	529	367
Administration cost	16	18
Balance unspent as at 31 July, included in creditors	<hr/> 72	<hr/> 156

22 Events after the reporting period

There are no events to be reported.

23 Contingency Liabilities

The College has no contingent liabilities (2019: £0)