wqe | Wyggeston & Queen Elizabeth I College

WQE AND REGENT COLLEGE GROUP

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

KEY MANAGEMENT PERSONNEL

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

Paul Wilson	Principal and Accounting Officer
Tim Cullinan	Associate Principal (Curriculum and Planning)
Carolyn Davies	Associate Principal (Finance and Resources)
Andrew Jackson	Associate Principal (Student Ambition and Progress)
Sarah Oldfield	Associate Principal (Learning and Improvement)
Donna Trusler	Associate Principal (Students and Welfare)

BOARD OF GOVERNORS

A full list of Governors is given on pages 15 to 16 of these financial statements. Peter Butcher was the Clerk to the Corporation with effect from 1 September 2011 until 16 August 2020. Rachel Middleton assumed the role with effect from 17 August 2020.

PROFESSIONAL ADVISORS

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Leicester
LE19 1SD

Bankers:

Lloyds Bank plc
Butt Dyke House
33 Park Row
Nottingham
NG1 6GY

Solicitors:

Greenwoods
Monkstone House
30 City Road
Peterborough
PE1 1JE

Nelsons Solicitors
Penine House
8 Stanford Street
Nottingham
NG1 7BQ

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

CONTENTS

STRATEGIC REPORT

OBJECTIVES AND STRATEGIES

The Governing Body present their annual report together with the financial statements and auditor's report for the WQE and Regent College Group for the year ended 31 July 2021.

LEGAL STATUS

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting WQE and Regent College Group, formerly Wyggeston & Queen Elizabeth I College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

MISSION

Governors are committed to ensuring that the College meets the needs of the communities it serves, provides a high quality education for all its students and uses its resources in the most efficient and effective way. WQE and Regent College Group (WQE) serves Leicester, Leicestershire and the surrounding areas as a provider of distinctive, accessible and high quality sixth form education, enabling level 3 success and supporting progression to Higher Education and the early development of professionals.

PUBLIC BENEFIT

WQE 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 Corporation (the Governing Body), who are trustees of the charity, are disclosed on pages 15 and 16.

In setting and reviewing the College's strategic objectives, the Corporation 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 identifiable public benefits through the advancement of education to over 3,500 students without charge. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background. This Report sets out the College's strategic objectives, key indicators, student achievements and curriculum developments all of which demonstrate the College's aim of delivering an outstanding education for its students.

IMPLEMENTATION OF STRATEGIC PLAN

On 29 March 2018, Wyggeston & Queen Elizabeth I College merged with Regent College by way of a Type B merger. The rights, assets and liabilities of Regent College were passed to Wyggeston & Queen Elizabeth I College with effect from the merger date. The name of the merged College was changed to WQE and Regent College Group with effect from 29 March 2018, with the approval of the Secretary of State.

The College has a rolling three year strategic development plan (2020-2023) that is regularly reviewed to allow for medium term strategic planning and to take account of important internal or external developments. The strategic plans are linked to curriculum, property and financial plans and are based around six key strategic themes:

- Participation, Developing Capacity and Responsiveness
- The Curriculum and Meeting Needs
- Learning, Student Outcomes and Experiences
- Engaging with Our Community, Building and Strengthening Partnerships
- Development of our Workforce
- Effective Use of Resources

The Corporation monitors the performance of the College against these plans. The College's principal strategic objectives are:

- Provide a curriculum designed to support the communities which the College serves and to manage learner numbers to facilitate the expected demographic growth anticipated in the City, taking into account local competition, internal progression associated with increased numbers of students accessing a broader and inclusive curriculum and the College's resources;
- Ensure the provision of a flexible curriculum offer to allow responsiveness to national curriculum reforms, to meet the needs and aspirations of all our students. Proactively prepare for the reshaping of the general vocational courses that we offer and building capacity to embed work experience and work related activity into programmes of study, developing the employability skills of our students;
- Support retention and progression through programmes of study and appropriate pathways. Stretch and challenge students through programmes that match their needs and interests;
- Ensure that students re-engage and are well supported to recover from the educational and wider personal challenges that have resulted from the COVID-19 pandemic;
- Ensure all students have a strong sense of community in which every student feels safe, valued and supported. Promote ambition. Develop consistently high learning experiences for our students. Sustain and increase student participation in wide and diverse enrichment and extension opportunities;
- Develop our partnerships with schools and other providers to ensure a curriculum offer that benefits students, along with building the capacity to further strengthen the sixth form college offer in partnership;
- Ensure a strong network and support infrastructure exists to support those students most vulnerable or in need of support for their education and welfare;
- Give a high priority to effective leadership and staff engagement during a period of significant change and development. Continue to invest in and develop the leadership capabilities of senior and middle leaders. Develop our strategies to promote staff wellbeing and resilience, including our recovery from the COVID-19 pandemic in order to ensure that staff are well supported to adapt practice and remain resilient;
- Develop and deliver the initial stages of our estates strategy to enhance effective delivery of our future curriculum including through specialist facilities;
- Use financial resources to maximise the quality and efficiency of our provision and ensure value for money.

The College remains committed to achieving these objectives, however the impact of the COVID-19 pandemic has been significant on the College's operations in the year and has impacted the delivery of some of the College's strategic objectives. A blended learning approach was adopted at the start of the academic year, in line with government guidance for FE institutions, moving to a curriculum predominantly delivered remotely through online teaching and learning during lockdown 3 from January to early March 2021. The College remained open throughout 2020/21 for vulnerable students. The College went through a rigorous process to award Teacher Assessed Grades in line with national guidance, following the cancellation of the external exams in summer 2021.

The overarching strategic development and financial plans are supported by operational Development and Quality Improvement Plans. Key targets for 2020/21 and achievement against these indicators is addressed below:

Development plan target	**Target 20/21**	**Outcome 20/21**
Student Recruitment - number of full-time 16-19 students	3,674	3,510
Student Outcomes:		
A Level pass rate	98%	99.2%
A Level high grades (A* - B)	50%	60.7%
A Level Value Added based on ALPS	3	2
Level 3 Vocational pass rate	98%	97.8%
Finance - financial health category	Good	Outstanding

16-19 Student numbers in 2020/21 were below the College's target and the prior year number of 3,707. Analysis suggests there are a range of factors impacting on student recruitment, with the COVID-19 pandemic being a major factor.

Significant work continues to be undertaken with regard to student recruitment to ensure that students enrol on the appropriate programmes, having regard to the physical capacity of the College. In 2021/22, the 16-19 student number is expected to be slightly higher than the target of 3,550. The positive impact of merger on the combined curriculum offer and the demographic growth in schools in the City gives the College confidence that future student number targets are achievable. Future student number targets are closely linked with the planning for the development of the estate.

The vast majority of the provision of the College is A Level and Level 3 vocational. The College also provides a small number of courses at all levels below this to support progression to level 3 programmes. The Corporation closely monitors outcomes of all courses and regularly reviews the programmes offered in line with the College's mission.

The College has a quality improvement strategy and is investing considerable efforts into continuing to improve achievement rates and student progress. A particular priority in 2020/21 was the development of work experience opportunities for Level 3 Vocational students. Progress against this priority was adversely impacted by the Covid-19 pandemic. Virtual work experience opportunities were taken up by a good number of students on these courses as an alternative.

FINANCIAL OBJECTIVES

The College's Financial Objectives for 2020/21 included the following key targets:

- operation of sound and efficient financial management and operating controls with improvements to financial systems kept under review;
- maintain the confidence of the College's bankers by ensuring compliance with loan covenants and continuing with an effective dialogue with the bank;
- maintain a sound operating financial basis, measured against the key indicators in the table below;
- ensure that proposals for cost savings are costed and planned to ensure implementation is achieved during 2020/21.

The College met its financial objectives for 2020/21, although implementation of some cost saving proposals were delayed due to the COVID-19 pandemic. The Corporation reviewed the key indicators in June 2021 and, having regard to the financial environment the College is operating in, agreed the indicators set out below for 2021/22.

Indicators	**2021/22**	**2020/21**
Cash days in hand	60	60
Current ratio in excess of	1.5	1.5
Cash flow from operations	Positive and covering interest and debt repayments	Positive and covering interest and debt repayments
Operating surplus (excluding FRS 102 adjustments)	Target not set	Target not set
Performance against ESFA funding target	100.0%	100.0%
Financial Health Grade	Good	Good

Despite the COVID-19 pandemic, the College has invested significantly in its estate, completing the first stage of its estates strategy in September 2021. Careful financial management has allowed to College to plan for and deliver significant investment into its estate as part of the vision to ensure outstanding teaching and learning facilities, including specialist spaces. The COVID- 19 pandemic has not had a significant adverse impact on the College's finances for the year. Increased operating costs, particularly in the areas of cleaning and catering, were largely offset by savings during the periods of national lockdown.

A key objective for 2021/22 is to ensure that the financial environment the College is operating in is fully taken into account and contingency proposals for financial savings are costed and planned to ensure that implementation can be achieved if and when necessary. The impact of funding factors such as retention and programme size may also have an adverse impact on the College's financial position in 2022/23.

PERFORMANCE INDICATORS

Internal KPI's and the College's performance against them have been set out above.

The College is committed to observing the importance of sector measures and indicators including measures that are assessed externally including Financial Health, delivery against funding targets and achievement rates. The College's Financial Health is Outstanding for 2020/21.

FINANCIAL POSITION

FINANCIAL RESULTS

WQE generated a surplus before other gains and losses in the year of £910k (2019/20 – deficit of £600k) with total comprehensive income of £917k (2019/20 – deficit of £1,678k). The surplus in 2020/21 is after reflecting £746k (2019/20 - £695k) in relation to FRS 102 defined benefit pension charges.

The College did not suffer a material loss in income in 2020/21 as a result of the COVID-19 pandemic. The ESFA continued to fund the College's 16-19 provision and the Adult Education funding reflected the College's adult enrolment. As a result, the College did not furlough any of its employees. Additional operating costs due to the pandemic were largely offset by savings in other costs.

At 31 July 2021, the Group had accumulated reserves of £12,096k (2019/20 - £11,179k) and cash and investment balances of £7,889k (2019/20 - £5,590k). The increase in the College's reserves reflects the surplus for the year and the actuarial loss in relation to the Local Government Pension Scheme. The College regularly reviews the extent of its reserves, cash and loan balances to allow it to invest in its estate and manage the difficult external funding environment.

Tangible fixed asset additions in the year amounted to £1,087k (2019/20 - £733k), of which additions to land and buildings amounted to £323k (2019/20 - £128k), assets in the course of construction £340k (2019/20 £nil), IT equipment £341k (2019/20 - £601k) other equipment £22k (2019/20 - £4k) and donated laptops of £60k from DfE. Additions in the year primarily relate to the refurbishment works to the estate and the IT network infrastructure and hardware replacement programme.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21 the funding bodies provided 98% of the College's total income (2019/20 – 98%). This reliance on funding body income is expected to continue in 2021/22, and future years.

The College has one subsidiary company, QED (Leicester) Ltd, which manages the rental of the College's car parking spaces. This trading activity has reduced throughout 2020/21 with the cancellation of the parking contract with the University of Leicester. It is anticipated that QED (Leicester) Ltd will become dormant in 2021/22.

FINANCIAL PLAN

The College governors approved a three year financial plan in June 2021 which sets objectives for the three year period to 2023. The College aims to maintain a financial health rating of at least Good during this period.

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 treasury management policy in place.

The College currently does not have any short-term borrowing for temporary revenue purposes. Other borrowing requires the authorisation of the Corporation and complies with the requirements of the College's Funding Agreement.

CASH FLOWS

The net cash inflow from operating activities in the year was £3,482k (2019/20 - £615k). These cash inflows were principally used to finance payments for capital expenditure and the capital and interest payments for the long-term loan.

LIQUIDITY

In September 2007, the College entered into an unsecured term loan agreement up to a maximum amount of £5.17m with the Allied Irish Bank to part finance the new building and refurbishment programme. The final drawdown under the facility took place in October 2009 and repayments commenced in March 2010. Total debt at 31 July 2021 amounted to £489k (31 July 2020 - £631k). The reduction in the balance reflects the fixed loan repayments of £142k during the year.

The size of the College's total borrowing and its approach to interest rate management has been carefully considered to provide a balance between the cost of servicing the debt and operating cash flow.

RESERVES POLICY

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 sufficient reserves to support the College's core activities and charitable obligations should there be an unexpected revenue shortfall. The existence of unrestricted reserves also offers the College flexibility to plan and fund major projects, including those to develop and maintain its buildings and facilities.

By their very nature, the availability of the restricted and endowed funds for the general operation of the College is limited. Accordingly, it is the unrestricted reserves which are expendable at the discretion of the Corporation in the furtherance of the objectives of the College.

The Group reserves include £426k (2019/20 - £374k) held as restricted reserves. As at 31 July 2021, the income and expenditure reserves (unrestricted funds excluding the revaluation reserves) stand at £5,504k (£4,512k at 31 July 2020). It is the Corporation's intention to maintain an appropriate balance between maintaining reserves and investment over the life of the strategic plan, through the careful management of financial resources.

GOING CONCERN

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.

CURRENT AND FUTURE DEVELOPMENTS

FINANCIAL HEALTH

The Financial Health Grade for 2020/21 is expected to be Outstanding.

STUDENT NUMBERS

The primary source of funding received by the College is from 16-19 ESFA funding. This funding is based on student numbers enrolled at the College, using a lagged formula model.

In 2020/21 the College enrolled 3,510 16-19 year-old students, 197 lower than the funded number of 3,707. The cash out-turn generated by these students was £16,079k. The funding allocation for these students was £16,970k giving a funding surplus of £891k.

The College had 23 students funded through the Adult Education Budget and Apprenticeship funding. The overall funding outturn was £83k, which was £87k lower than the original allocation for 2020/21 of £170k. The reconciliation process has resulted in clawback of £70k, which has been provided for in the 2020/21 accounts.

STUDENT ACHIEVEMENTS

A majority of the College's provision is for full-time students aged 16 to 19 on level 3 courses. These Level 3 students studied GCE, A level and equivalent and vocational courses. A wide range of courses are also provided for students with lower levels of prior attainment. There are clear pathways for progression onto Level 3 courses, providing excellent opportunities for these students.

The College has good levels of student achievement, as evidenced by the following outcomes:

- Overall achievement rate of 95%
- Qualification pass rates of 97%
- An A-level pass rate of 99%
- Level 3 vocational pass rate of 98%
- GCSE achievement rate of 97%
- High progression rates to positive outcomes.

The progression outcomes for those students who left the College at the end of their course in 2020 were excellent. 93% of all leavers secured positive progression, with 76% of level 3 students progressing to Higher Education. The majority of other level 3 students progressed to apprenticeships or other work based training. The vast majority of students on lower level courses secured positive progression with the majority moving on to the next level of course at the College.

CURRICULUM DEVELOPMENTS

The College seeks to provide a high quality, inclusive sixth form education for young people in the local area. The College keeps the curriculum under continuous review and is developing a fully re-aligned curriculum which maintains a broad and flexible offer so as to meet students' individual needs and promote effective progression, either to higher education or employment. As part of this continuous review process, the College is proactively preparing for the impact of the national reshaping of the general vocational courses that the College currently offers. The College seeks to enable participation, progression and the fulfilment of aspiration.

The College has a Curriculum Statement, reviewed annually, which is its statement of curriculum policy and intent. In 2020/21 all full-time students followed a curriculum with two main elements:

1. A main programme of courses including A levels or the equivalent, classroom based vocational courses and GCSEs;
2. A programme of extension options, enrichment and guidance.

The College does not offer the AS qualification as a stepping stone towards the A level qualification, though a small number of stand alone AS level courses are offered.

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations 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%. The College believes it meets this target. The College incurred no interest charges in respect of late payment during the year under review.

POST BALANCE SHEET EVENTS

There are no post balance sheet events of significance.

FUTURE DEVELOPMENTS

Following merger in 2018, the College developed a single inclusive high quality curriculum offer and was seeking to achieve growth in funded student numbers as a result. This growth has been achieved and future student number forecasts will link with the implementation of the estates strategy. This strategy was approved by the Corporation in June 2020 and the first phase of work was completed in September 2021.

Demographic growth and other local factors led to a significant increase in student numbers in both 2018/19 and 2019/20. 2020/21 saw increased competition and the impact of COVID-19, as students choose to stay closer to home and in familiar environments for their Post 16 study. Indications are that student numbers will be higher than the College's target for 2021/22.

The Estates Strategy reflects the need for continued investment across both campuses, to refurbish and remodel the accommodation to create outstanding teaching and learning facilities to deliver an outstanding learning experience for all our students. Particular focus is being given to the bringing together of curriculum and support areas and the improvement of the quality and flexibility of general teaching spaces, improving teaching and working conditions for large numbers of staff and students in the College. In addition, the planned refurbishments will inform a programme of planned maintenance over the medium to long term. The speed at which the Property Strategy can be delivered is dependent on the availability of capital funding for sixth form colleges.

The College is reviewing the delivery of all areas of its work, including a review of the curriculum offer, and course delivery locations to support improved flexibility, efficiency and utilisation. The College has recognised a need to continue to grow income alongside implementing plans to further improve efficiency in order to ensure its financial viability given the funding reductions and inflationary pressures anticipated in the coming years.

The College undertakes comprehensive and regular financial forecasting, incorporating the financial impact of strategic plans, normally looking five years ahead. Taking account of its current position, strategic plans and the principal risks that it faces, the College believes that it will be able to continue in operation and meet its liabilities for the foreseeable future.

RESOURCES

The College has a variety of resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College sites, including the new and refurbished buildings.

Financial:
The Group has £12,096k of net assets. This is stated after taking account of pension liabilities of £10,066k, long-term debt of £381k and capital grants due after one year of £5,391k.

People:
The College employs 232 people expressed as full time equivalents, of whom 132 are teaching staff.

Reputation:
The College has a strong reputation locally and nationally. Maintaining the all round high quality of education offered at the College is essential for the College's success in attracting students and maintaining external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

The College's Leadership Teams undertake systematic and regular reviews of the risks to which the College is exposed, including any risks which may arise as a result of new areas of work being undertaken by the College, or external factors such as the COVID-19 pandemic. They identify systems and procedures, including specific preventative actions which attempt to mitigate any significant potential impact on the College.

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

The main risk factors affecting the College are set out below. Not all of the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

National Policy on Post-16 education

Strategic positioning as a provider of post-16 education and large scale A level and vocational classroom based learning provision is threatened by national policies promoting new competition, an environment that undermines partnership working and could phase out key vocational qualifications. In addition there may be industrial relations tensions in the sector resulting from national policies impacting workload and pay expectations. The public sector pay freeze is against the backdrop of demands for recognition of the efforts of the workforce during the pandemic and a continued failure to fund pay settlements in the post-16 sector but still doing so in schools increases tension.

This risk is mitigated in a number of ways:

- Engagement with key agencies and partners to maximise awareness of emerging plans
- Maintain and build on the SFC brand locally, linked to targeted marketing
- Ensure potential to be able to sustain the breath of provision across levels and course types
- Develop and implement an ambitious estates strategy, supporting capacity to cluster specialisms and teams
- Implementation of nationally negotiated pay settlements

Funding

The College has considerable reliance on continued government funding through the education sector funding bodies. In 2020/21, 98% of the College's revenue was ultimately publicly funded and this level of reliance is expected to continue. Recent declines in real terms funding linked to rising delivery costs could affect the capacity of the College to consistently ensure cash generation to sustain investment. Access to capital funding for sixth form colleges is extremely restricted. Whilst confirmed until 31 July 2022, the loss of the Teachers Pay Grant remains a key risk.

This risk is mitigated in a number of ways:

- Regular review of expenditure as part of 3-5 year financial planning cycles
- Remain focussed on the management of curriculum cost, including staff utilisation and the efficiency of all programmes of study whilst remaining committed to enrichment and support beyond the core curriculum
- Identify and develop opportunities to extend and improve the efficient use of technology

Property Strategy

The College has invested considerable resources in improving and developing its estate to deliver an outstanding environment for teaching and learning and has ambitious plans for the future. The grant funding available to Sixth Form Colleges through the Condition Improvement Fund and the Post-16 Capacity Fund is much more limited. Without further investment in the estate, the College may be unable to accommodate the growth in student numbers in the medium term, as indicated by the current demographic data.

This risk is mitigated in a number of ways:

- Approval of a phased Estates Strategy in June 2020, ensuring that the potential of the estate is fully realised in the most efficient way;
- A significant part of the College's building stock has already been replaced or thoroughly refurbished reducing the scale of works required in the short/medium term;
- The College is proactive in bidding for funds to support its property strategy although the government funds available are significantly reduced;
- Careful management of the College's cash reserves has ensured that the College has certain funds available for infrastructure projects.

Disruption to communications infrastructure

The College would experience operational difficulties from disruption to its communications infrastructures. The speed of technological change is a risk, especially in the context of increases in cyber attacks in education institutions during the pandemic requiring constant vigilance and review.

This risk is mitigated in a number of ways:

- IT systems are routinely backed up and secured in appropriately controlled environments.
- Significant investment in network security infrastructures
- Consultant advice where appropriate

STAKEHOLDERS

In line with other colleges, WQE has many stakeholders. These include:

- Current, future and past students
- Parents/carers of these students
- Our staff and their trade unions. The trade unions of which WQE staff are members are the National Education Union (NEU), the National Association of Schoolmasters Union of Women Teachers (NASUWT) and Unison
- Education sector funding bodies
- Our partner schools
- Our Local Authorities and Local Enterprise Partnerships
- The wider local community
- Other FE institutions

The College recognises the importance of these relationships and engages in regular communication with its stakeholders.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The College's SECR reporting for the year ended 31 July 2021 is available on our website.

GENDER PAY GAP REPORTING

The College's Gender Pay Gap reporting for the snapshot date of 31 March 2020 is available on our website.

TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College. The information below is presented in relation to the year ended 31 March 2021.

Numbers of employees in the year ended 31 March 2021	FTE employee number
8	7.25

Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	0

Total cost of facility time	£13,544
Total pay bill	£11,428,000
Percentage of total bill spent on facility time	0.12%

Time spent on paid trade union activities as a percentage of total paid facility time	10.34%

EQUALITY AND DIVERSITY

The following statement, encapsulating the College's commitment in this area, is included as an integral part of all policy documents:

The College is committed to the equality of opportunity and a proactive approach to equality, which supports and encourages under-represented groups, promotes inclusivity and values diversity.

A central part of the College's mission is to maximise the extent to which members of the College, be they students or employees, are able to fulfil their potential. An intrinsic part of this is to ensure that the College redresses inequality where it can – and certainly does not perpetuate such inequality. The College seeks to be fully compliant with appropriate legislation. The College also seeks to practice what is implied in the policies it develops from such legislation. Wherever it can, therefore, the College scrutinises the impact of its work from an Equalities perspective, analysing for example its performance in terms of enrolment, achievement and progression for the students and recruitment, selection and employment for staff. Reporting is thorough and emerging issues are addressed.

The College's Single Equalities Scheme is published on the College's VLE, Staff Intranet and Website and a Single Equality Scheme Action Plan, which is reviewed regularly and monitored by managers and governors. The College has an Equalities and Diversity Forum which meets regularly.

The College considers all applications for employment based solely on merit. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has a regularly updated Equality & Diversity training programme which all staff and governors attend. Refresher training and training for new starters is carried out on an ongoing basis.

DISABILITY STATEMENT

The College recognises its obligations and seeks to achieve the objectives set down in the Equality Act 2010. In particular the following are noted:

a) counselling and welfare services are available to students and staff, including access to a 24/7 helpline all year;
b) all new buildings are accessible. All specialist accommodation is accessible by wheelchair;
c) the College has a range of specialist equipment which can be made available for use by students and staff and uses software that can provide greater flexibility in learning methods for students with disabilities;

d) the admissions policy for all students is included in the Prospectus. The applications of all students with a significant learning difficulty, disability or medical condition are reviewed to see whether a discretionary offer, below the normal level of attainment, would be appropriate. Wherever a member of the Leadership Team has discretion in allowing special arrangements that deviate from normal College practice, disabilities and health considerations will be amongst the factors taken into account;

e) the College has made a significant investment in the appointment of staff to support students with learning difficulties and/or disabilities. Where appropriate, specialist support is bought in. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;

f) help available is outlined on the College's VLE; the induction process also includes information about this.

The College is aware of its obligations under the Disability Equality Duty. In particular, it is aware of the need to involve people with disabilities in planning and decision-making and of the importance of promoting a positive attitude to those with disabilities.

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 15 December 2021 and signed on its behalf by:

Stuart Dawkins
Chair of the Corporation

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in accordance with the Association of Colleges Code of Good Governance for English Colleges, which the Corporation adopted on 29 June 2016 (the Colleges' Code); and
- having due regard to the UK Corporate Governance Code (the Code) insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the governors, the College complies with the mandatory provisions of the Colleges' Code and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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.

Members of the Corporation

The members who served on the Corporation during the year and up to the date of signature of this report are set out below. All appointments to the merged College Corporation were effective from 29 March 2018.

Members	Date of appointment	Term of office	Date of resignation/retirement	Status of appointment	Committee Membership	Attendance in 2020/21*
W Allsopp	29.03.18; reappointed on 10.03.20	To 31.01.25		External member	Audit	60%
J Andean	01.01.20	To 31.12.20	31.12.20	Student member		80%
J Black	29.03.18; Reappointed 01.07.19	To 30.06.23		External member	Audit (until 31.01.21), Remuneration, Search	100%
J Cooke	29.03.18	To 30.06.22		External member		60%

S Dawkins	29.03.18. Reappointed 31.08.19	To 31.08.23		External member	Remuneration, Search, Chair of the Corporation	100%
W Fatima	20.11.19	To 30.11.20	30.11.20	Student member		33%
B Green	29.03.18	To 31.12.21		External Member	Remuneration	70%
A Lockhart-Smith	29.03.18; Reappointed on 10.03.20	To 31.05.25		External member	Audit	100%
J Maadhavji	14.10.20	To 13.10.21	13.10.21	Student member		71%
N McGhee	29.03.18; Reappointed on 10.03.20	To 30.06.25		External member	Search	90%
N Navsariwala	01.11.18; Reappointed on 10.03.20	To 31.10.22		Parent member		100%
I Palmer	29.01.20	To 28.01.24		Teaching staff member		100%
P Parkinson	29.03.18; Reappointed on 10.03.20	To 31.03.24		External member	Audit, Remuneration, Search	100%
J Phillips	29.03.18; Reappointed on 10.30.20	To 27.06.25		External member		100%
A Samnani	15.01.21	To 31.12.21		Student member		80%
A Singh	29.03.18 Reappointed 01.06.19	To 31.05.23		External member	Audit (until 31.01.21), Remuneration, Search	70%
P Wilson	29.03.18	Ex-officio		Principal	Search	100%
A Winterton	29.03.18; Reappointed on 01.12.19	To 30.11.23		Support Staff member		100%
J Zachariah	01.11.18	To 31.10.22		External member	Audit	100%

*Attendance data is disclosed for attendance at Corporation meetings throughout 2020/21. During this timeframe, two governors had periods of sabbatical, agreed by the Corporation. Their attendance percentage is therefore based on a calculation of meetings outside of their period of sabbatical and the percentage of these which they attended.

Peter Butcher was the Clerk to the Corporation with effect from 1 September 2011 until 16 August 2020. Rachel Middleton assumed the role with effect from 17 August 2020.

2020/21 was the first year in post for the Clerk and this coincided with her pursuit of the Level 3 Certificate in the Clerking of School and Academy Governing Boards, which covers best practice in clerking. This qualification is not specific to the College sector and the Clerk will follow Induction level training for Clerks in the College sector, offered by the Education and Training Foundation in 2021/22. During 2020/21, the Clerk attended the annual Clerks Conference run by the Sixth Form Colleges Association (SFCA) and additionally a range of SFCA webinars. The Clerk participated in the regular briefings to Governors and attended the annual Governors Conference as well as essential online training. The Clerk and the Vice Chair of the Corporation also took part in a working group exploring the development of a Governance Maturity Matrix, led by Nottingham Trent University.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least twice a term and nine times over the course of the year. During the Covid-19 pandemic, these meetings were held using video conferencing facilities within a set of protocols developed by the Clerk to ensure the Corporation continued to uphold their duties.

The Corporation discharges all of its functions directly and reviews the arrangements at the end of each year to ensure they continue to be effective. There are three committees, each with terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration and Governance and Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at: WQE and Regent College Group, University Road, Leicester, LE1 7RJ upon request during office hours. Minutes of Corporation meetings are available on the College website at www.wqe.ac.uk.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address during office hours.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole. Formal agendas, papers and reports are supplied to governors in a timely manner prior to Corporation and committee meetings. Briefings are also provided on a periodic basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the Corporation as a whole. The Corporation has a Governance and Search Committee which is comprised of the Chair and Vice Chair of the Corporation, the Principal and a minimum of three other Corporation members. The Committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required and a formal governor development plan is refreshed annually.

Members of the Corporation are appointed for a term of office not exceeding four years and a maximum of two terms of office.

Corporation Performance

Governors carried out individual self-assessments of the Corporation's performance for the year ended 31 July 2021 with the overall assessment of governance arrangements being rated as 'Good' on the Ofsted scale. The self-assessment questionnaire is framed around the areas of evaluation examined by Ofsted together with the guidance contained in the Good Governance Standard for Public Service.

Remuneration Committee

Throughout the year ended 31 July 2021, the Remuneration Committee comprised the Chair and Vice Chair of the Corporation and a minimum of three other Corporation members. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other senior postholders and the Clerk to the Corporation based on an annual review of their performance. The College has adopted the Association of Colleges Senior Staff Remuneration Code, noting the change from 'Use or explain' to 'Comply or explain' referenced in the reworked September 2021 version of the AOC's Code of Good Governance for English Colleges.

Details of remuneration of the senior postholders for the year ended 31 July 2021 are set out in note 6 of the financial statements.

Audit Committee

In the year ended 31 July 2021, the Audit Committee comprised a minimum of four members of the Corporation. Until 31 January 2021, to ensure governance continuity due to resignation of a Corporation Governor and a leave of absence granted to a standing member of the Committee, two additional Governors from the Corporation, served on the Committee. The Committee was chaired by a member of the Corporation. The Accounting Officer and Chair of the Corporation are not eligible to serve on this committee. In line with the Post 16 Audit Code Practice, staff members do not serve on the Audit Committee. The Committee operates in accordance with written terms of reference approved by the Corporation annually. The purpose of the Committee is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets up to four times a year. The Corporation approves any variation in the Committee's meeting regularity. It provides a forum for reporting by the College's 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 College's funding bodies, as they affect the College's business. In the year ended 31 July 2021, the Committee approved a programme of external assurance on the College's systems of internal control. Specialist external assurance was sought in a number of areas in accordance with the agreed plan. Their findings were reported to management, the Audit Committee and the Corporation.

Management is responsible for the implementation of agreed audit and assurance recommendations, and the Audit Committee monitors progress to ensure such recommendations have been implemented. The Audit Committee also advises the Corporation on the appointment of regularity and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The Audit Committee met three times in the year ended 31 July 2021. The members of the Committee and their attendance records are shown below:

Name of Governor	Overall Committee meeting attendance
Philip Parkinson	3/3
Wayne Allsopp	3/3
Jimmy Zachariah	3/3
Alistair Lockhart-Smith	1/1
Amrik Singh	1/2
Joyce Black	2/2

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Agreement between the College and the funding bodies. The Principal 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 based on ongoing processes designed to identify and prioritise the risks to the achievement of the College's 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 at WQE and Regent College Group for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

The College ensured that appropriate internal control measures continued to be applied during the Covid 19 pandemic.

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 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, 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 Corporation;
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment guidelines;
- the adoption of formal project management disciplines, where appropriate.

The College did not appoint an internal audit service for the year ended 31 July 2021. College management and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

The College analysed the risks to which it was exposed, and a programme of assurance was agreed with the Audit Committee. The Audit Committee was provided with regular reports on progress of this assurance activity in the College.

This basis of targeted external assurance work will continue for the year ending 31 July 2022.

During the Covid-19 pandemic, the College had regard to the Procurement Policy Notices (PPNs) issued by the Government. Applying the PPN allowed the College to support suppliers impacted by Covid-19. In cases where this applied, the Accounting Officer took steps to ensure that the College obtained value for money by doing so.

Risks faced by the Corporation

The role of the College's Audit Committee is to advise the Corporation on matters relating to its audit and risk arrangements and systems of Internal Control. Its minimum terms of reference are determined by the Post-16 Audit Code of Practice. The Corporation receives reports from the Audit Committee at its meetings where the Corporation considers and endorses courses of action discussed and proposed by the Audit Committee. The Audit Committee proposes the areas of focus for an annual programme of external assurance and additional areas are rolled into the programme should an unexpected risk present itself. The Corporation holds a risk register and this is regularly considered at meetings of the Audit Committee and the subsequent Corporation meetings.

The Audit Committee reviewed the Significant Risks outlined by the Principal in a dedicated report, outlining risk, impact, likelihood and mitigations at its meeting on 1 December 2021 and its joint 8 and 23 June 2021 meeting, comparing and contrasting the risk profile for each substantive risk on the risk register over time.

During the pandemic, the Corporation considered additional risks presented to the College. The Corporation was alerted to arrangements relating to the management of health and safety of College staff and students, including plans for a thorough track and trace function led by the College, plans for induction for the start of the 2020/2021 academic year and plans for a blended curriculum involving some face to face and remote delivery from September 2020. The Corporation monitored College practice and support in relation to student and staff attendance, student engagement, staff wellbeing, safeguarding and student welfare referrals.

Control weaknesses identified

A report on the effectiveness of internal controls is prepared annually by the College for presentation to the Audit Committee.

The External Auditor reported on the audit for the year ended 31 July 2021 and significant findings show:

- No issues to note of management override of controls.
- No material issues with regards to revenue recognition.
- No issues in relation to the College applying the going concern principle and no potential covenant breaches identified.
- Key areas of Management's judgement in relation to defined benefit pension scheme assumptions were reasonable.
- No instances of irregularity or impropriety.
- No significant deficiencies in the accounting and internal controls systems.
- No issues raised in relation to any regularity impact of Covid-19.
- No issues in relation to capital expenditure.

Responsibilities under funding agreements

The Corporation is aware of its responsibilities under its funding agreements and ensures that they are managed through the Annual Schedule of Business.

Statement from the Audit Committee

The Audit Committee has advised the 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 external assurance work overseen by the Audit Committee in 2020/21 and up to the date of the approval of the financial statements are:

- a review of learner number systems
- review of tax efficiency of College subsidiary
- the security of the IT network

Additionally the Committee has taken part in an internal review of College governance, instigated in October 2021, with the aim of action planning in light of the new AoC Code of Good Governance for English Colleges, published in September 2021, the March 2021 iteration of the Post-16 Audit Code of Practice and the letter to College Accounting Officers from the ESFA received in September 2021, from the Interim Chief Executive, John Edwards. The resulting actions are to review the terms of reference for the Audit Committee, to continue efforts to recruit well qualified Governors with financial qualifications and expertise; and to upskill the existing members of the Committee through participation in SFCA webinars relating to finance and audit, a bespoke audit refresher session for members of the Committee delivered by an external party, and attendance at training sessions offered by providers in the charity and College governance sector focusing on risk and assurance.

Following the internal review of governance in October 2021, the following activities outlined in the Post-16 Audit Code of Practice have been included in the Audit Committee's active or watching brief:

- the requirement for independent assurance reports on subcontracting arrangements to be considered by Audit Committees
- a statement in the annual report and accounts on activities undertaken across year to develop the College's Governance Professional
- encouragement for the Chief Financial Officer to participate in DfE-funded programmes led by the ETF
- regular re-tendering of auditors (every 5 years at least)
- the need to notify ESFA when there is a change of auditor as this is considered a risk factor

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control in the year ended 31 July 2021 was informed by:

- the work of auditors and other external advisors
- 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 and the reporting accountant for regularity assurance in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of the reviews of the effectiveness of the systems of internal control by the Audit Committee, which oversees the operation of the Board Assurance Framework and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the systems are in place.

The College Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The College's Executive Leadership Team and the Audit Committee also received reports from auditors, external advisors and other sources of assurance, which included 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 College Executive Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the executive leadership team and the Audit Committee and taking account of events since 31 July 2021. The external auditors were also in attendance.

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*".

Approved by members of the Corporation on 15 December 2021 and signed on its behalf by:

Stuart Dawkins	Paul Wilson
Chair of the Corporation	Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Stuart Dawkins	Paul Wilson
Chair of the Corporation	Accounting Officer
15 December 2021	15 December 2021

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Corporation's Grant Funding Agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education,* ESFA's *College Accounts Direction* and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and 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
- Assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

The Corporation is responsible for the maintenance and integrity of its website; the work carried out by 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 and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 15 December 2021 and signed on its behalf by:

Stuart Dawkins

Chair of the Corporation

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WQE AND REGENT COLLEGE GROUP

Opinion

We have audited the financial statements of WQE and Regent College Group (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2021 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the Group's and the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 2020 to 2021 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.

Responsibilities of the Corporation of WQE and Regent College Group

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 24, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operate in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection

Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://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, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicestershire
LE191SD

Date: 16/12/2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	Year ended 31 July 2021	Year ended 31 July 2021	Year ended 31 July 2020	Year ended 31 July 2020
		Group £'000	College £'000	Group £'000	College £'000
Income:					
Funding Body grants	2	18,638	18,638	15,863	15,863
Tuition fees and education contracts	3	12	12	12	12
Other income	4	261	236	207	152
Investment income	5	24	47	54	106
Total income		18,935	18,933	16,136	16,133
Expenditure:					
Staff costs	6	12,857	12,857	12,341	12,341
Other operating expenses	7	3,639	3,637	2,941	2,938
Depreciation	10	1,378	1,378	1,283	1,283
Interest and other finance costs	8	137	137	171	171
Total expenditure		18,011	18,009	16,736	16,733
Surplus/(Deficit) before other gains and losses		924	924	(600)	(600)
Loss on disposal of tangible fixed assets	10	14	14	-	-
Surplus/(Deficit) before tax		910	910	(600)	(600)
Taxation	9	-	-	-	-
Surplus/(Deficit) for the year		910	910	(600)	(600)
Unrealised surplus/(deficit) on revaluation of assets	11	53	53	(18)	(18)
Transfer cash funds from endowment to I&E	11	(1)	(1)	8	8
Re-measurement of net defined benefit pension liability	23	(45)	(45)	(1,068)	(1,068)
Total Comprehensive Income for the year		917	917	(1,678)	(1,678)
Represented by:					
Restricted comprehensive income		53	53	(18)	(18)
Unrestricted comprehensive income		864	864	(1,660)	(1,660)
		917	917	(1,678)	(1,678)

The notes on pages 33 to 55 form part of these financial statements.

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2019	6,045	6,420	392	12,857
Deficit from the income and expenditure account	(600)	-	-	(600)
Other comprehensive income	(1,060)	-	(18)	(1,078)
Transfers between revaluation and income and expenditure reserves	127	(127)	-	-
Balance at 31 July 2020	4,512	6,293	374	11,179
Deficit from the income and expenditure account	910	-	-	910
Other comprehensive income	(45)	-	52	7
Transfers between revaluation and income and expenditure reserves	127	(127)	-	-
Total comprehensive income for the year	992	(127)	52	917
Balance at 31 July 2021	5,504	6,166	426	12,096
College				
Balance at 1 August 2019	6,042	6,420	392	12,854
Deficit from the income and expenditure account	(600)	-	-	(600)
Other comprehensive income	(1,060)	-	(18)	(1,078)
Transfers between revaluation and income and expenditure reserves	127	(127)	-	-
Balance at 31 July 2020	4,509	6,293	374	11,176
Deficit from the income and expenditure account	910	-	-	910
Other comprehensive income	(45)	-	52	7
Transfers between revaluation and income and expenditure reserves	127	(127)	-	-
Total comprehensive income for the year	992	(127)	52	917
Balance at 31 July 2021	5,501	6,166	426	12,093

The notes on pages 33 to 55 form part of these financial statements.

BALANCE SHEETS AS AT 31 JULY 2021

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Non current assets					
Tangible fixed assets	10	22,530	22,530	22,860	22,860
Investments	11	426	426	374	374
		22,956	22,956	23,234	23,234
Current assets					
Trade and other receivables	12	341	362	275	324
Investments	13	3,498	3,498	1,034	1,034
Cash and cash equivalents		4,391	4,366	4,556	4,503
		8,230	8,226	5,865	5,861
Creditors - amounts falling due within one year	14	3,232	3,231	2,123	2,122
Net current assets		4,998	4,995	3,742	3,739
Total assets less current liabilities		27,954	27,951	26,976	26,973
Creditors - amounts falling due after more than one year	15	5,792	5,792	6,410	6,410
Provisions					
Other	17	-	-	112	112
Defined benefit obligations	23	10,066	10,066	9,275	9,275
TOTAL NET ASSETS		12,096	12,093	11,179	11,176
Restricted reserves					
Endowment funds	11	426	426	374	374
Total restricted reserves		426	426	374	374
Unrestricted reserves					
Income and expenditure account		5,504	5,501	4,512	4,509
Revaluation reserve		6,166	6,166	6,293	6,293
Total unrestricted reserves		11,670	11,677	10,805	10,802
TOTAL RESERVES		**12,096**	**12,093**	**11,179**	**11,176**

The financial statements on pages 28 to 55 were approved by the Corporation on 15 December 2021 and authorised for issue and were signed on its behalf by:

Stuart Dawkins
Chair of the Corporation

Paul Wilson
Accounting Officer

The notes on pages 33 to 55 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	*Year ended 31 July 2021*	*Year ended 31 July 2020*
		£'000	*£'000*
Cash flow from operating activities:			
Surplus/(deficit) for the year		910	(600)
Adjustment for non-cash items:			
Depreciation		1,378	1,283
Building accrual release		14	-
Disposal of equipment		25	-
Donated asset adjustment		(60)	-
Other provisions adjustment		(112)	-
(Increase) in debtors		(64)	(12)
Decrease/(increase) in creditors due within one year		1,108	(241)
Decrease in creditors due after one year		(441)	(463)
Pensions costs less contributions payable		746	695
Movement in short term investments		-	-
Adjustment for investing or financing activities:			
Investment income		(24)	(54)
Interest payable		2	7
Net cash flow from operating activities		**3,482**	**615**
Cash flows from investing activities			
Investment income		22	65
Withdrawal of deposits		-	-
New deposits		(2,463)	(11)
Payments made to acquire fixed assets		(1,027)	(436)
Cash flows from financing activities			
Interest paid		(3)	(9)
New loan		-	41
Repayments of amounts borrowed		(176)	(164)
Increase/(decrease) in cash and cash equivalents in the year		**(165)**	**101**
Cash and cash equivalents at beginning of year	*18*	4,556	4,455
Cash and cash equivalents at end of year		4,391	4,556
Increase/(decrease) in cash and cash equivalents in the year		**(165)**	**101**

The notes on pages 33 to 55 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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* (the FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

Going Concern

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

At 31 July 2021, the College had £489k (£631k 2019/20) of loans outstanding with bankers on terms negotiated in 2007. The loan is due for repayment in 2032 in accordance with the terms of the facilities agreement. The College has accelerated the repayments of capital and if the current repayment profile continues, the loan will be repaid in 2025. The College's forecasts and financial projections covering the period to 31 July 2023 take into account the potential ongoing impact of Covid-19 and 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.

Basis of Consolidation

The consolidated financial statements include the College and its subsidiary, QED (Leicester) Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July.

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. 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.

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

Capital Grant Funding
Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. 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. 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 the 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. Income from restricted purpose permanent endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

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 schemes, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme
The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. As stated in Note 23, 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 scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Leicestershire Local Government Pension Scheme
The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs. Actuarial gains and losses are recognised immediately in actuarial gains and losses.

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.

Non-current Assets - Tangible Fixed Assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings:
Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful life to the College of between 10 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued at 31 July 1999 (University Road campus) and in 1996 (Regent Road campus), as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

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

Equipment:
Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Computer equipment purchased as part of the College's rolling computer refresh is capitalised. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

Plant	10 years
Furniture, fixtures and fittings	5 to 10 years
Computer and electronic equipment	2 to 5 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above.

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

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Investments

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

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 Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the 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 Group 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 receives no similar exemption in respect of Value Added Tax. For this reason the College is unable to recover the VAT it suffers on goods and services purchased. Irrecoverable VAT on expenditure is included in the costs of such expenditure and added to the cost of tangible fixed assets as appropriate, where the expenditure itself is a tangible fixed asset by nature.

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation. Profits arising from the activities of the subsidiary company are generally eliminated by a payment of gift aid to the College.

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.

Agency arrangements

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. 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.
- The estate is subject to ongoing refurbishment and the College must exercise judgement to determine if these refurbishments are capital in nature or should be treated as an expense against income for the period.

Other key sources of estimation uncertainty:

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

- *Local Government Pension Scheme*
  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 FUNDING BODY GRANTS – GROUP AND COLLEGE

	Year ended 31 July 2021 £'000	*Year ended 31 July 2020 £'000*
Recurrent grants		
Education and Skills Funding Agency 16-18	17,369	14,764
Education and Skills Funding Agency Adult	168	96
Education and Skills Funding Agency Apprenticeships	-	3
Specific grants		
Education and Skills Funding Agency – Devolved capital grant	81	81
Education and Skills Funding Agency - Teacher Pension Scheme Contribution grant	474	425
Education and Skills Funding Agency - Maths Pilot Grant	35	34
Education and Skills Funding Agency – Additional Tuition fund	50	0
Releases of government capital grants	461	460
Total	18,638	15,863

3 TUITION FEES AND EDUCATION CONTRACTS – GROUP AND COLLEGE

	Year ended 31 July 2021 £'000	*Year ended 31 July 2020 £'000*
International students fees	12	12
Education contracts	-	-
Total	12	12

4 OTHER INCOME

	Year ended 31 July 2021 Group £'000	*Year ended 31 July 2021 College £'000*	*Year ended 31 July 2020 Group £'000*	*Year ended 31 July 2020 College £'000*
Catering	-	-	-	-
Other income generating activity	25	-	103	48
Donation income	60	60	-	-
Miscellaneous income	176	176	104	104
Total	261	236	207	152

5 INVESTMENT INCOME

	Year ended 31 July 2021 Group £'000	*Year ended 31 July 2021 College £'000*	*Year ended 31 July 2020 Group £'000*	*Year ended 31 July 2020 College £'000*
Other investment income	12	12	13	13
Gift Aid receivable	-	23	-	52
Other interest receivable	12	12	41	41
	24	47	54	106

6 STAFF COSTS – GROUP AND COLLEGE

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

	Year ended 31 July 2021 No	*Year ended 31 July 2020 No*
Teaching staff	132	128
Non teaching staff	100	96
	232	224

Staff costs for the above persons:	*Year ended 31 July 2021 £'000*	*Year ended 31 July 2020 £'000*
Wages and salaries	8,734	8,502
Social security costs	816	769
Other pension costs (Note 23)	2,541	2,375
Payroll sub total	12,091	11,646
Contracted out staffing services	718	690
Restructuring costs – non contractual	30	5
Restructuring costs – contractual	18	-
Total staff costs	12,857	12,341

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. They are represented by the Executive Leadership Team which comprised the Principal and Associate Principals.

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff:

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	6

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

	Year ended 31 July 2021	*Year ended 31 July 2020*
	Number key management personnel	*Number key management personnel*
£65,001 - £70,000	-	1
£70,001 - £75,000	1	3
£75,001 - £80,000	3	1
£80,001 - £85,000	1	-
£120,001 - £125,000	-	1
£125,001 - £130,000	1	-
	6	6

Key management personnel emoluments are made up as follows:

	Year ended 31 July 2021	*Year ended 31 July 2020*
	£'000	*£'000*
Salaries – gross of salary sacrifice	512	487
Employers National Insurance	63	60
Benefits in kind	-	-
Pension contributions	120	112
Total emoluments	695	659

There were no amounts due to key management personnel that were waived in the year.

The above emoluments include amounts payable to the Accounting Officer - (who was also the highest paid Officer) as shown below.

Accounting Officer

	Year ended 31 July 2021 £'000	*Year ended 31 July 2020 £'000*
Salaries	128	123
Benefits in kind	-	-
Pension contributions	30	29
Total emoluments	158	152

The remuneration package of the Principal is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance. The Principal reports to the Chair of the Corporation, who undertakes an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

The remuneration of other key management personnel is based on the College's Senior Leadership Scale. Progression up the scale is dependent on acceptable performance, assessed through the College's Performance Review and Development policy.

Relationship of the Principal's pay and remuneration expressed as a multiple:

	20/21	**19/20**
Principal's basic salary as a multiple of the median of all staff	3.1	3.2
Principal's total remuneration as a multiple of the median of all staff	3.0	3.3

The members of the Corporation, other than the Accounting Officer and the staff members, did not receive any payment from the College except for the reimbursement of travel and subsistence expenses incurred in the course of their duties.

7 OTHER OPERATING EXPENSES

	Year ended 31 July 2021	*Year ended 31 July 2021*	*Year ended 31 July 2020*	*Year ended 31 July 2020*
	Group	*College*	*Group*	*College*
	£'000	*£'000*	*£'000*	*£'000*
Teaching costs	677	677	635	635
Non teaching costs	1,138	1,136	1,234	1,231
Premises costs	1,767	1,767	1,032	1,032
Catering costs	57	57	40	40
Total	3,639	3,637	2,941	2,938

Other operating expenses include:				
Fees payable to RSM UK Audit LLP in respect of both audit and non audit fees:				
Financial statements audit	42	41	31	30
Other non-audit services	2	1	2	-
Hire of assets under operating leases	42	42	44	44

8 INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

	Year ended 31 July 2021 £'000	*Year ended 31 July 2020 £'000*
On bank loans	3	7
Net interest on defined pension liability (note 23)	134	164
Total	137	171

9 TAXATION

The members do not believe the College was liable for any Corporation tax arising out of its activities during the year. The Corporation tax charge in respect of QED (Leicester) Ltd for the year is £Nil (2019/20 £Nil).

10 TANGIBLE FIXED ASSETS – GROUP AND COLLEGE

	Freehold land and buildings	*Assets in the Course of Construction*	*Equipment*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost or Valuation				
At 1 August 2020	34,819	-	6,365	41,184
Additions	323	340	423	1,086
Disposals	14	-	60	74
At 31 July 2021	35,128	340	6,728	42,196
Depreciation				
At 1 August 2020	13,099	-	5,225	18,324
Charge for period	998	-	380	1,378
Eliminated in respect of disposals	-		(36)	(36)
At 31 July 2021	14,097	-	5,569	19,666
Net book amount at 31 July 2021	21,031	340	1,159	22,530
Net book amount at 1 August 2020	21,720	-	1,140	22,860

Land and buildings at the University Road Campus were valued in 1999 by GVA Grimley. The valuation at 31 July 1999 was £8,150,000, inclusive of VAT and was at depreciated replacement cost. This basis of valuation was adopted since it was not practical to ascertain an open market value. There is no evidence to suggest that the depreciated replacement cost values placed on the buildings could be achieved in the open market. Land and buildings at the Regent Road Campus were valued in June 1997 at depreciated replacement cost by a professional valuer. The transitional rules set out in FRS 15 (Tangible Fixed Assets) were applied on its implementation. Accordingly, book values at implementation have been retained.

Land and buildings with a net book value of £12,021k (2020 - £12,608k) have been partly financed by exchequer funds, through for example the receipt of capital grants and the value of inherited land and buildings at incorporation. Should these assets be sold or leased the College may be liable to surrender the sale proceeds to the main funding body or use them in accordance with the terms of the financial memorandum of the main funding body.

If land and buildings had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book amount based on cost	-	-

11 NON-CURRENT INVESTMENTS

	Year ended 31 July 2021 College £	Year ended 31 July 2020 College £
Investment in subsidiary undertaking at cost	2	2

The College owns 100% of the issued ordinary £1 shares of QED (Leicester) Limited, a company incorporated in England and Wales. QED (Leicester) Limited was incorporated on 12 April 1996 with the principal activity of the company during the year being the commercial activity of its parent undertaking WQE and Regent College Group.

Joint arrangements

The College entered into a joint arrangement with a private sector company, Vardon Health and Fitness Ltd for the use of a sports hall built on its land. The agreement was entered into in December 1997 and the sports hall was opened in December 1998. The College leases its land for one peppercorn rent per annum and the building is leased to the College for one peppercorn rent per annum. The terms of both leases are 99 years. The College has access to the sports hall facilities between the hours of 8.00 a.m. and 6.00 p.m. weekdays and also one night per week until 11.00 p.m. (both term-time only). The College also has unrestricted access to its own fitness suite and sports laboratory within the building.

Restructuring of the operating entity led to the lease to Vardon being assigned to other parties – Cannons and then Thrapston Ltd. In March 2011, the lease was assigned from Thrapston Ltd to the University of Leicester. The health club on the site was operated by Nuffield Health until March 2012, when the University of Leicester took over its operation.

The operator of the health club (formerly Nuffield Health and now the University) is obliged to meet insurance costs, maintenance costs and utility costs for the entire building. The operator retains the right to charge a fair and reasonable proportion of these costs to the College. The College is obliged to meet insurance costs (for that equipment that is owned by the College and stored in the building) and those non-structural maintenance costs pertaining to its own areas.

All costs of construction – save for those in connection with a Groundsman's Store – were met by Nuffield Health. In the event of the sale of the building, buildings proceeds would revert to the University of Leicester, whilst land proceeds would revert to the College.

ENDOWMENT ASSETS

	Group and College 2021 Restricted Expendable £'000	Group and College 2021 Restricted Permanent £'000	Group and College 2021 Total £'000	Group and College 2020 Restricted Expendable £'000	Group and College 2020 Restricted Permanent £'000	Group and College 2020 Total £'000
At 1 August	52	322	374	61	331	392
Movement in valuation of funds	-	53	53	-	(9)	(9)
Endowment income	8	-	8	8	-	8
Endowment expenditure	(9)	-	(9)	(17)	-	(17)
Balance at 31 July	51	375	426	52	322	374
Representing						
Elizabeth Maud Vaughan Fund	48	285	333	49	270	319
Prize funds	-	59	59	-	52	52
Thornton fund	3	-	3	3	-	3
Sarah Heron Memorial Funds	-	31	31	-	-	-
	51	375	426	52	322	374
Represented by:						
Cash balances			48			49
Fixed interest stocks (listed)			242			234
Equities (listed)			43			36
Cash held in Thornton Fund			3			3
COIF Charities investment fund			59			52
Sarah Heron Memorial Fund			31			-
			426			374

The listed stocks were valued at 30 June by HSBC.

Before the College was incorporated on 1 April 1993, its prize and scholarship endowments were held in a Leicestershire County Council common endowment fund which had been set up to hold all such endowments attached to Leicestershire schools. Incorporation took the College out of the control of the County Council and thus it became ineligible to participate in that fund. The Corporation therefore placed these endowments in the Charities Organisation Investment Fund (COIF) drawing income as needed for the purposes of the various trusts.

The balance at 31 July 2021 includes £48k (2020 - £49k) of income in respect of the Vaughan Fund that will be distributed by the Corporation by way of grants in November 2021 and subsequent years.

Vaughan Fund:

The Elizabeth Maud Vaughan Fund was bequeathed to the College upon the death of Miss L M Vaughan on 15th August 2000. The will of Mrs E M Vaughan specifies the terms of this legacy:

I give and bequeath the residuary trust fund to the Governors for the time being of Wyggeston Grammar School for Boys Leicester [now WQE and Regent College Group] to apply the income to arise therefrom in making grants to pupils of the said school proceeding from the school to Universities or other places of higher education such grants to be on the recommendation of the Headmaster for the time being of the said school and the amounts thereof and the conditions attaching to the grants to be at the sole discretion of the Governors for the time being of the said school.

Thornton Fund:

This fund was set up in 2013. A donation was received from Mr Ralph Thornton, a former student of the Wyggeston Grammar School. The fund awards a bursary each year of £500 to a student of the College who is progressing to take up a place in higher education relating to mathematics.

Sarah Heron Memorial Fund:

This is a legacy endowment fund which Regent College administered before merger. The administration of the fund was taken on by the College due to the passing of all trustees of the fund. The terms of this fund are as follows:

To provide books, clothes, school fees or other advantages calculated to enable full educational benefit to girls and boys who have not yet attained their nineteenth birthday, with special regard to the claims of the girls and boys of Wyggeston collegiate sixth form college, Leicester or girls and boys who have attended such school who are for the time being receiving instruction of an educational character elsewhere.

12 TRADE AND OTHER RECEIVABLES

	Group 2021	*College 2021*	*Group 2020*	*College 2020*
	£'000	*£'000*	*£'000*	*£'000*
Amounts falling due within one year:				
Trade receivables	4	3	10	6
Prepayments and accrued income	204	204	215	215
Amounts owed by group undertakings	-	22	-	53
Other debtors	133	133	50	50
Total	341	362	275	324

13 CURRENT INVESTMENTS

	Group 2021	*College 2021*	*Group 2020*	*College 2020*
	£'000	*£'000*	*£'000*	*£'000*
Short-term deposits	3,498	3,498	1,034	1,034
Total	3,498	3,498	1,034	1,034

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 *£'000*	*College 2021* *£'000*	*Group 2020* *£'000*	*College 2020* *£'000*
Bank loans	142	142	142	142
Other loan	35	35	35	35
Trade payables	1,009	1,009	387	387
Taxation and social security	433	433	419	419
Accruals and deferred income	648	647	527	526
Deferred income – government capital grants	461	461	461	461
Deferred income – government revenue grants	87	87	81	81
Amounts owed to the ESFA	417	417	71	71
Total	3,232	3,231	2,123	2,122

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 2021 *£'000*	*College 2021* *£'000*	*Group 2020* *£'000*	*College 2020* *£'000*
Trade payables	20	20	-	-
Bank loans	347	347	489	489
Other loan	34	34	69	69
Deferred income – government capital grants	5,391	5,391	5,852	5,852
Total	5,792	5,792	6,410	6,410

16 MATURITY OF DEBT

Bank loans and overdrafts	*Group 2021 £'000*	*College 2021 £'000*	*Group 2020 £'000*	*College 2020 £'000*
Bank loans are repayable as follows:				
In one year or less	142	142	142	142
Between one and two years	142	142	142	142
Between two and five years	205	205	347	347
In five years or more	-	-	-	-
	489	489	631	631

Other loans	*Group 2021 £'000*	*College 2021 £'000*	*Group 2020 £'000*	*College 2020 £'000*
Other loans are repayable as follows:				
In one year or less	35	35	34	34
Between one and two years	34	34	69	69
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
	69	69	103	103

Interest on the bank loan is at a variable rate of interest of 0.45% above the Bank's base rate and is for an original term of twenty five years. The loan is not secured on the College's assets.

The other loan is an interest free loan from Caterlink Ltd, the College's catering supplier. This loan is repayable over the life of the catering contract.

17 PROVISIONS – GROUP AND COLLEGE

	Defined benefit obligations £'000	Other £'000	Total £'000
At 1 August 2020	9,275	112	9,387
Employer contributions	(560)	-	(560)
Additions in period	1,351	-	1,239
Released in the year	-	(112)	-
At 31 July 2021	10,066	-	10,066

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23. Other relates to a provision for tax potentially payable following the merger.

18 ANALYSIS OF CHANGES IN NET FUNDS – GROUP

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	4,556	(165)	4,391
Bank loans	(631)	142	(489)
Other loans	(103)	34	(69)
Total	3,822		3,833

19 CAPITAL COMMITMENTS

	Group and College	
	Year ended 31 July 2021	*Year ended 31 July 2020*
	£'000	*£'000*
Capital commitments contracted for at 31 July:		
Capital projects	138	-
Equipment	453	-
Total	591	-

20 LEASE OBLIGATIONS

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

	Group and College	
	Year ended 31 July 2021	*Year ended 31 July 2020*
	£'000	*£'000*
Other equipment:		
Not later than one year	28	39
Later than one year and not later than five years	6	34
Later than 5 years	-	-
Total	34	73

21 CONTINGENT LIABILITIES

To the best of the College's knowledge, there are no contingent liabilities.

22 POST-BALANCE SHEET EVENTS

There are no events after the reporting period.

23 DEFINED BENEFIT OBLIGATIONS – GROUP AND COLLEGE

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 Leicestershire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2016 and of the LGPS, 31 March 2019. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Total Pension Cost for the Year	*Year ended 31 July 2021 £000*	*Year ended 31 July 2020 £000*
Teachers' Pension Scheme: contributions	1,369	1,329
Local Government Pension Scheme:		
Contributions paid	560	515
FRS 102 (28) charge	612	531
Charge to the Statement of Comprehensive Income	2,541	2,375
Total Pension Cost for the year within staff costs (Note 6)	2,541	2,375

Teachers' Pension Scheme

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

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

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out below the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Valuation of the Teachers' Pension Scheme

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

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

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

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid by the College to the TPS in the year amounted to £1,369k (2020 - £1,329k).

Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by Leicestershire County Council. The total contributions made for the year ended 31 July 2021 were £712,000

(2020 - £658,000) of which employer's contributions totalled £560,000 (2020 - £515,000) and employees' contributions totalled £152,000 (2020 - £143,000). The agreed contribution rate for the three years ending 31 March 2023 is 21.8% plus a deficit payment of £23,000 in 2020/21, £33,000 in 2021/22 and £43,000 in 2022/23 for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The current valuation reflects the expected increase in benefits, and therefore liability, as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension.

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

	At 31 July 2021	*At 31 July 2020*
Rate of increase in salaries	3.3%	2.6%
Future pensions increases	1.25%	1.25%
Discount rate for scheme liabilities	1.6%	1.4%
Inflation assumption (CPI)	2.8%	2.1%
Commutation of pensions to lump sums	50%-75%	50%-75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2021 Years	*At 31 July 2020 Years*
Retiring today:		
Males	21.7	21.5
Females	24.2	23.8
Retiring in 20 years:		
Males	22.6	22.2
Females	25.9	25.2

The College's share of assets in the plan at the balance sheet date were:

	Fair Value at 31 July 2021 £000	*Fair Value at 31 July 2020 £000*
Equity instruments	10,392	8,207
Debt instruments	5,197	4,463
Property	1,254	1,152
Cash	1,075	576
Total Fair Value of plan assets	17,918	14,398
Actual return on plan assets	3,191	(1,316)

	31 July 2021 £'000	31 July 2020 £'000
The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:		
Fair value of plan assets	17,918	14,398
Present value of plan liabilities	(27,984)	(23,673)
Net pensions liability (Note 17)	(10,066)	(9,275)

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

Amounts included in staff costs

Current service cost	1,172	1,046
Past service (credit)/cost	-	-
Total	1,172	1,046

Amounts included in interest payable

Net interest cost	134	164
	134	164

Amount recognised in Other Comprehensive Income

Return on pension scheme assets	2,987	(1,643)
Experience gains and losses arising on defined benefit obligations	-	-
Change in assumptions underlying the present value of scheme liabilities	(3,032)	575
Amount recognised in Other Comprehensive Income	(45)	(1,068)

Movement in net defined liability during year

	31 July 2021 £'000	31 July 2020 £'000
Net defined liability in scheme at 1 August	(9,275)	(7,512)
Movement in year:		
Current service cost	(1,172)	(1,046)
Employer contributions	560	515
Past service (credit)/cost	-	-
Net interest on the defined liability	(134)	(164)
Actuarial gain or loss	(45)	(1,068)
Net defined liability at 31 July	(10,066)	(9,275)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	**31 July 2021 £'000**	**31 July 2020 £'000**
Defined benefit obligations at start of the period	23,673	22,920
Current service cost	1,172	1,046
Interest cost	338	491
Contributions by scheme participants	152	143
Past service cost	-	-
Changes in financial assumptions	2,968	1,797
Estimated benefits paid	(383)	(352)
Changes in demographic assumptions	361	416
Other Experience	(297)	(2,788)
Curtailments and settlements	-	-
Defined benefit obligations at end of period	27,984	23,673

Changes in fair value of plan assets	**31 July 2021 £'000**	**31 July 2020 £'000**
Fair value of plan assets at start of the period	14,398	15,408
Interest on plan assets	204	327
Return on plan assets	2,987	(1,643)
Employer contributions	560	515
Contributions by scheme participants	152	143
Effect of business combinations and disposals	-	-
Estimated benefits paid	(383)	(352)
Fair value of plan assets at end of period	17,918	14,398

These accounts show a past service cost of £0k as this was captured in the 2019/20 past service cost figure (2019: £221k) 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. This provision is just under 2% of the total scheme liability as at 31 July 2021. The calculation of adjustment to past service costs, £7 billion, 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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

Deficit contributions

The College entered into a 3 year agreement with the Leicestershire LGPS with effect from 01/04/20 to make additional deficit contributions, in addition to the agreed rate of 21.8%, as follows:

£23,000 during 2020/21, £33,000 during 2021/22 and £43,000 during 2022/23.

24 RELATED PARTY TRANSACTIONS – GROUP AND COLLEGE

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

Jimmy Zachariah is the Chief Executive of the BACA charity and is a Governor of the College. The BACA charity has a sub-contract with the College to deliver Entry level 1 English, Maths and ICT to vulnerable Unaccompanied Asylum Seeking young people who are not ready to attend lessons in a mainstream learning environment. The College paid the BACA Charity £13,235 in relation to this work in 2020/21 (2019/20 £13,442). At year end the amount owed to WQE and Regent College Group was £1.7k. (2019/20 the College owed £1.4k to the BACA Charity).

Joyce Black is a Governor of the College; transactions were entered into during the year for the hire of car parking facilities of £600. At year end, the amounts owed to WQE and Regent College Group were £180 (2019/20 - £180).

The total expenses paid to or on behalf of the Governors during the year was £Nil (2019/20: £118). This normally represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and events in their official capacity, during 20/21 all meetings were virtual.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2019/20: £Nil).

25 BUSINESS LINKS

Co-operation takes place between the College and the University of Leicester in matters of security of the site. The University Space Centre is built on the College site on land that has been leased to the University for 125 years. The College has further links with the University of Leicester (see note 11).

On 23 March 2012, the College entered into a 125 year lease with Assura Medical Centres Limited for College land to be used for the construction of a medical centre.

26 AMOUNTS DISBURSED AS AGENT

16-19 Bursary Funds

	Year ended 31 July 2021 £'000	*Year ended 31 July 2020 £'000*
Balance at 1 August	36	125
Funding Body grants - 16-19 Bursary	494	573
Funding Body grants – VYP	41	36
Funding Body grants – Free school meals	33	106
Disbursed to students	(364)	(643)
Consolidated into College accounts	(23)	(130)
Administration costs	(27)	(31)
Balance unspent as at 31 July, included in creditors	190	36

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. The income and expenditure consolidated in the College's financial statements relates to subsidised student meals, bus passes, trips and exam fees.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WQE AND REGENT COLLEGE GROUP AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by WQE and Regent College Group during the period 1 August 2020 to 31 July 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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

We are independent of the WQE and Regent College Group in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of WQE and Regent College Group for regularity

The Corporation of WQE and Regent College Group is responsible, under the grant funding agreements and contracts with the ESFA and 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. The corporation of WQE and Regent College Group is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

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

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicestershire
LE19 1SD

Date: 16/12/2021