



**REPORT AND FINANCIAL
STATEMENTS OF TRURO AND
PENWITH COLLEGE**

**FOR YEAR ENDED
31 July 2021**





TRURO AND PENWITH COLLEGE

REPORT AND FINANCIAL STATEMENTS

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REFERENCE AND ADMINISTRATIVE DETAILS

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Martin Tucker – Principal and CEO; Accounting Officer (appointed 1 September 2020)
David Walrond – Principal and CEO; Accounting officer (retired 31 August 2020)
Adele Bull – Director of Curriculum Development (appointed 1 August 2021)
Andy Stittle – Director of Partnerships (retired 5 September 2021)
Cheryl Mewton – Director of Studies (retired 31 August 2021)
Hayley McKinstry – Director of Partnerships and Apprenticeships (appointed 1 August 2021)
Jane Cashmore – Director of Operations
Lisa Briscoe – Director of Student Experience (appointed 16 August 2021)
Lowenna Bradley – Director of Quality
Lucy Maggs – Director of Operations (Penwith)
Scott Cryer – Director of Finance and Administration
Vicky Pearson – Director of Teaching and Learning (appointed 17 August 2020)

Board of Governors

A full list of Governors is given on pages 16-18 of these financial statements.

Professional Advisers:

Financial Statement & Regularity Auditors:	Bishop Fleming LLP	Chy Nyverow Newham Road Truro
Internal Auditors:	TIAA Ltd	Artillery House Fort Fareham Newgate Lane Fareham
Bankers:	HSBC	17 Boscawen Street Truro
Solicitors:	Michelmores	Woodwater House Pyne's Hill Exeter
	Stephens Scown	3 Cross Lane St Austell
	Ramsay Paterson	Lynwood Newland Garden Sherborne

STRATEGIC REPORT

OBJECTIVES AND STRATEGY

The Members of Truro and Penwith College Corporation are pleased to present their report and audited financial statements covering the year ended 31 July 2021.

Legal Status

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

Mission

“The purpose of the College is to provide the best possible learning experience, leading to the highest possible level of achievement by our students.”

Public Benefit

Truro and Penwith College Corporation is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 16 to 18.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with the Local Enterprise Partnership (LEP)

Implementation of Strategic Plan

In September 2021 the College developed a Strategic Plan for the period 2021/22 to 2024/25. The Corporation has monitored the performance of the College against its Strategic Plan which is reviewed and updated each year.

The College's key continuing strategic objectives are:

- To increase 16-18 student numbers
- To sustain and develop HE provision
- To sustain and develop adult participation in full and part time vocational learning
- To sustain and improve student achievement and retention
- To extend the curriculum, enhance learning and enrich the student experience
- To meet the needs of local employers, develop partnerships and enhance the College contribution to community life
- To continue to develop the College's physical resources and infrastructure
- To maintain a secure financial position

STRATEGIC REPORT (CONTINUED)

Attainment of Objectives – 2020/21

The College was mostly successful in 2020/21 in meeting the objectives for the year, despite the significant disruption caused by measures taken to mitigate against the threats from Coronavirus:

- The total number of FT 16-18 students increased slightly.
- HE enrolments were broadly flat.
- The range of work undertaken to meet the needs of local employers and their employees has grown; for example we continued to develop the range of Apprenticeship programmes and have offered training through ESF projects. However, business activity remained subdued due to the impacts of the pandemic. This has led to a decrease in Apprenticeship starts at the end of 2020/21 and the start of 2021/22.
- Investment has continued in the College's capital development.
- Excellent levels of achievement were maintained (see further details below). Due to the Coronavirus pandemic students grades this year were Teacher Assessed rather than externally assessed.
- The College's financial position remains secure (see further details below).
- Changes to the adult funding formula have inevitably resulted in reduced numbers of learners aged over 19, but despite the existing financial climate recruitment remains stable.
- Enrolments by students funded by the Government's Advanced Learning Loans programme were maintained at a similar level to those of 2019/20 and during the period prior to the Covid-19 pandemic.

Resources

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

The College employs 881 people (expressed as full-time equivalents), of whom 421 are teaching staff. Support staff numbers include 139 Learning Support Assistants who provide 1:1 support for students in the college's large Foundation Learning provision.

During the year ended 31 July 2021 the College enrolled approximately 8,200 students. The college's student population includes 5,100 16-to-18-year-old students, 400 apprentices, 500 higher education students and 2,200 adult learners.

The College has £40.0 million of net assets (including £29.3 million pension liability) and does not have any debts. Tangible resources include all college sites and equipment with a current net book value of £89.2 million (excluding the infrastructure and land leased to Callywith College), financial investments valued at £15.6 million and short term cash deposits of £1.0 million as at 31 July 2021.

STRATEGIC REPORT (CONTINUED)

Reputation

The College has an excellent reputation locally and nationally, retaining Ofsted Outstanding in the latest inspection and gaining a Gold TEF Award for HE provision. The quality of the College provision has enabled a host of partnership working including the Cornwall Teaching School, Cornwall SCITT Lead, the Maths Hub for Cornwall and West Devon and most recently has become one of only ten national Computer Hubs. These initiatives result in the College working cross phase with many schools in Cornwall and further afield in the South West of England. The College is also the only Cornish provider of the South West Institute of Technology. This provided funding of £2 million towards a £7.25 million new build, Valency, adjacent to the Seaton building. This building is now open and provides higher level qualifications and apprenticeships aligned against key LEP areas such as Digital and Engineering. Maintaining a quality brand is essential for the College's success in attracting students and fostering external relationships.

Stakeholders

The College has many stakeholders including:

- Its current, future and past students
- Staff
- Parents
- Cornwall SCITT – Note 25 to the Financial Statements
- Truro and Penwith Academy Trust – Note 26 to the Financial Statements
- Callywith College Trust – Note 27 to the Financial Statements
- Local schools
- Education and Skills Funding Agency
- Office for Students
- The FE Commissioner
- Local employers
- Cornwall Council
- Government Offices
- Cornwall & Isles of Scilly Local Enterprise Partnership
- The local community
- Other FE institutions
- University of Plymouth
- University of Greenwich
- Other universities
- Royal Cornwall Hospitals NHS Trust
- South West Institute of Technology
- Trade unions
- Professional bodies

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated an underlying operating surplus in the year of £199,000 (2019/20 – deficit of £23,000) before other gains and losses. A number of adjustments arising from the implementation of FRS102, including changes in the value of the Local Government Pension Fund under defined benefit obligations, together with gains and losses on both the value of non-current financial investments and disposals of fixed assets, impact upon the operating surplus and give rise to total comprehensive income as set out on page 30 of the Financial Statements. The table below sets out these adjustments and reconciles total comprehensive income to the operating surplus.

STRATEGIC REPORT (CONTINUED)

	Yr Ended 31 Jul 21 £'000	Yr Ended 31 Jul 20 £'000
Total Comprehensive Income and Expenditure	(4,425)	(7,439)
Actuarial Loss in respect of Pension Schemes	3,562	5,667
Surplus/(Deficit) before tax	(863)	(1,772)
Loss/(Gain) on Investments	(1,822)	1,166
Gain on Disposal of Assets	(256)	(912)
Deficit before other losses and gains	(2,941)	(1,518)
FRS 102 adjustments to Staff Costs in respect of Pension Schemes	2,745	1,098
FRS 102 adjustments to Interest Payable in respect of Pension Schemes	336	338
Transfers from Revaluation Reserve	59	59
Underlying Operating Surplus/(Deficit)	199	(23)

Governors acknowledge the efforts of the Key Management personnel and the staff in ensuring that the College has continued to operate extremely cost-effectively in the current climate of financial pressures faced by the sector.

Developments

Tangible fixed asset additions amounted to £10,023,000. This related to equipment purchases of £2,766,000, building developments on the existing campuses at Truro and Penwith College of £5,305,000, works and fees in relation to the initial build stages of the STEM building in Bodmin and other construction projects of £1,952,000.

Reserves

The College has accumulated reserves of £39,980,000 and cash and investment balances of £20,861,000.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. For 2020/21 the various funding streams from the ESFA and the OFS totalled £28,620,000 which represented 67% of the College's total income.

Subsidiary Companies

The College does not have any subsidiary companies other than Truro and Penwith College Trust Fund (see note 24 to the Financial Statements).

FINANCIAL POSITION

Financial Objectives

The overall objective for the College is to remain financially sound in order to be able to deliver its strategic planned objectives. Specifically these objectives will be achieved by:

- achieving an annual EBITDA surplus of 4% of turnover
- maintaining at least 35 cash days in hand
- sustaining a current ratio of 2.0
- limiting borrowing as a percentage of net assets to 20%
- pursuing alternative sources of funding
- funding continued capital investment through established reserves and borrowing

STRATEGIC REPORT (CONTINUED)

A series of performance indicators have been agreed against which to monitor the successful implementation of the policies and to realise a Financial Health Grade for the College of 'Outstanding' status as assessed by the Education and Skills Funding Agency (ESFA).

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is expected to be assessed by the ESFA as having a "Good" financial health grading. The change from the previous "Outstanding" status is exclusively due to the classification of assets held in cash and other liquid investments. The College chose not to transfer assets from the managed investments into cash at the year-end solely for the purpose of influencing the rating.

FUTURE PROSPECTS

Financial plan

The College governors approved a financial plan in July 2021 which sets objectives for the period to 2023 and projected operating surpluses of between £72,000 and £248,000 per annum for the years 2021/22 and 2022/23 respectively. If achieved this would result in a 'Good' financial health grading for each of the next two years again due to the classification of financial assets as mentioned above. The periods included in the plan are subject to a higher than usual degree of uncertainty and will be influenced by any future Coronavirus measures including those that suppress educational activity as well as those that affect the health of the wider economy and government finances.

Treasury Policies and Objectives

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

The College has a separate treasury management policy in place. The College does not currently borrow money, but should the need arise, short term borrowing for temporary revenue purposes would be authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash Flows and Liquidity

Operating cash inflow was £6,542,000 (2020: £3,172,000) for the year, which remained strong in the current climate of reduced public funding and the Covid-19 pandemic. The increase from prior year is due to an improvement in operating performance before depreciation and capital losses.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in maintaining financial stability, supporting core activities and enabling investment. The College will use its cash balances to fund future capital projects and to continue to invest in its existing campuses. The College reserves include £200,000 held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £37,992,000 (2020: £42,358,000), with the change being wholly as a result of the change to the LGPS valuation. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

STRATEGIC REPORT (CONTINUED)

Going Concern

After making appropriate enquiries and reviewing the College current performance along with the indicated strategic and financial plans and risk management, 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 PERFORMANCE

Students who completed courses during 2020/21 maintained the outstanding levels of achievement for which the College has gained a national reputation. Pass rates (% of those who completed and achieved), Qualification Achievement Rates (% of those who started the course, were retained and achieved – formally 'success rate') and percentage of high grades are generally above sector and national averages. In addition, and most notably, value added performance (the measure of progress made from GCSE) is significantly positive. Most of the results at Penwith compare favourably with parallel provision at Truro. The small minority of programmes that do have lower than average QAR, whether through lower retention or pass rates, become the focus of action-planning in the self-assessment process.

With the cancellation of exams due to the Covid-19 pandemic, the majority of learners gained their qualifications through a Teacher Assessed Grade (TAG) process. The process adopted by the College for the production of Teacher Assessed Grades (TAGs) was robust in nature and followed all guidance issued by Ofqual and associated awarding organisations. TAGs were decided by the teachers (lecturers) from the actual performance of each learner based on a wide range of assessment evidence. TAGs were holistic judgements based on the portfolio of evidence produced, not a prediction of what they may have achieved in exams. Internal quality assurance gave due consideration to historical performance of courses.

The results from 2021 will not be published by the DfE in performance league tables, and in line with most schools and colleges, they have not been made available to the public or for College publicity materials, given that most grades were produced by the College.

GCE Advanced Level

- At GCE A Level, students achieved a 99.7% pass rate at grades A – E
- 100% pass rate recorded in 35 subjects out of a total of 40 subjects taken.
- 72% of completers achieved high grades (A*-B), with 184 students achieving three or more grade A or A*.
- The value added Advanced Level Performance System (ALPS) score calculated for TAGs prior to results would place the College in the top 10% of providers.

International Baccalaureate (IB)

Truro College is one of the largest state providers of the IB in the UK and the only one in Cornwall. 39 students were awarded the diploma in 2021. This year's points per student average is 38 (equal to 2020) compared to a Global Average of 33. Fifty percent of the cohort achieved 40+ points, (up 22%; 2021 GA 21%) while 93% (down 4%) achieved 30+ points (2021 GA 80%), the equivalent of at least 144 UCAS points or AAA at A Level.

STRATEGIC REPORT (CONTINUED)

Vocational Courses

Achievement levels on vocational programmes also remain high. Over 800 students achieved their L3 Extended Diplomas (equivalent to three A Levels). Of these over 140 students achieved the highest possible triple distinction star on their BTEC Diploma courses, with over 300 students gaining DDD or higher. Almost 100 creative arts, photography and media students, representing over half the cohort, achieved the highest distinction grade on their University Arts for London Extended Diploma courses. Business studies students excelled on the new Cambridge Technicals Extended Diploma with a quarter of the cohort achieving the highest triple distinction star grade and nearly a half being awarded DDD or higher.

Access to Higher Education Courses

Access to HE courses provide mature students (19+) with a one-year programme of study to enable progression to higher education. The College offers courses ranging from Art and Design, Humanities, Teaching and Law, Psychology and Social Work to Medicine and Science. 154 learners (an increase of 38) gained their Access to HE diplomas with 87% progressing to universities of their choice, of which 11% progressed to HE courses at Truro and Penwith College.

Higher Education

Higher Education awards gained varied from Honours and Foundation degrees to Higher National Diplomas, PGCE and Certificate in Education and Short Course Certificates. There were a total of 271 awards gained (down 14 on 2019/20): 95 Honours Degrees, 111 Foundation Degrees, 20 PGCE/Certificate in Education, 20 HNDs, 8 HNCs, 3 Short Courses. Of these, 34 students achieved Distinctions on their Foundation Degrees/HNDs (26%) and 29 students achieved First Class Honours degrees (30%, down 11% on 2019/20 which was higher owing to the 'safety net').

FUTURE DEVELOPMENT

Curriculum Developments

The Ofsted framework from September 2019 is built around the curriculum intent, implementation, and impact. Increased emphasis is given to an offer which facilitates meaningful progression and embraces wider opportunities to gain employability and personal skills. The College is well placed with its current offer to be responsive to this agenda and indeed, over the last three years, has introduced several curriculum enhancements which align well with this.

The most substantial part (over 90%) of the College curriculum is focused on 16-19 year old learners which includes around two hundred foundation studies (identified by the AoC as an example of best practice in October 2018) and a small number of 14-16 learners in partnership with local schools. The curriculum is structured with clear progression routes from level 1 to HE, an apprenticeship or employment. Vocational provision forms 50% of total leavers. The College strategy has been to promote equality of opportunity across the county, seeking to increase post-16 participation rates. A key aim of the College as a comprehensive tertiary institution, is to raise the aspirations of its learners and to promote social mobility through very high levels of academic achievement. Cornwall is above the national average in terms of the proportion of young people from workless households and below average in progression to HE. These are long term concerns for the county.

The covid pandemic impacted on a number of curriculum modifications for 2020/21 more fully explained under the areas below but included a new build in Bodmin funded by the College and LEP through the government growth fund to support recovery.

STRATEGIC REPORT (CONTINUED)

Full Time FE Students

The College's academic provision is well known and established. The offer is built around 42 A level subjects and a thriving International Baccalaureate all of which reside near the top nationally for quality of delivery and impact. Now fully transitioned to linear A levels with students generally, now selecting three subjects on entry with a surrounding offer such as directed self-study to ensure preparation for higher education and a range of 34 academies, 9 study plus programmes and a Health Wellbeing and Sport Programme. These encourage skill development and academic excellence through for example, completing in national competitions, confidence through teamwork and numerous activities to support health and wellbeing. During the Covid-19 pandemic the enrichment programme continued and was extended to include preparation work for year 11 with over 1,000 year 11 accessing the online resources. The 2021/22 curriculum, tutorial programme and IAG are modified to take account of year 11 skill and knowledge gaps as a result of the pandemic lockdown. Early learning walks in September 2021 have shown evidence of learning gaps and the variation in starting points within classes.

Our wide range of vocational courses, including 67 vocational programmes and 55 apprenticeship programmes, have seen substantial growth and almost all qualifications now comply with the RQF many of which have external assessment at Levels 1, 2 and 3. The range of vocational provision reflects the interests and enthusiasms of students, the acquisition of employability and personal skills for future progression, as well as the requirements of local employers as reflected in the LEP Strategic Economic Plan and the Employment and Skills Strategy refresh for Cornwall. There is major commitment to Foundation Learning providing locally based and accessible curriculum addressing the problems faced by the County for high needs provision which is otherwise frequently distant and residential, generating additional stress for students and families. The Matrix report 2020 noted *"IAG support for students with additional needs and those with EHC plans is extensive and in-depth, reflecting the College's position as the main provider in the county for high needs and PMLD support. Continuous investment in facilities and raising the quality of support results in progression that exceeds parental expectation and commissioners' objectives."*

2020/21 saw the introduction of a newly designed level 2 study programme to facilitate improved progression into further education, employment, or an apprenticeship with an increased emphasis on work skills and personal development. This change has proved successful with further adaption now required to ensure level 2 programmes act as successful transition courses for those learners wishing to progress to the new T-Levels.

Apprenticeship provision was impacted at the start of 2020/21 by around 25%. Furloughed apprentices continue to be supported and there were notable successes of apprenticeship programmes during the lockdown such as the start of nursing apprenticeship provision for RCHT in June and a full house of distinction grades for Business Admin and Team Leader Apprentices who undertook EPA in lockdown.

Adult provision

The College works closely in Partnership with the LEP and aligns its small adult provision against the Economic Development Strategy for Cornwall and programmes which develop the workforce and create opportunities for employment, especially within the city of Truro as the centre for many key employers. The College offers for example professional qualifications which align against the employment demand within the county and is often the only provider to do so.

STRATEGIC REPORT (CONTINUED)

Higher Education provision

In common with much of the sector, traditional HE has seen a decline in the last three years although we are expecting 100 additional enrolments in 2021 for nursing associates higher level apprenticeships, which will then show growth. However, the College is realigning HE provision to be more skills based and responsive to the local need, a major part of which will be the Institute of Technology. This final approval of the Institute of Technology by the Department for Education was excellent news for Cornwall. The new state-of-the-art £7 million facility on our Truro campus is now open and will provide a range of local progression opportunities into higher education and apprenticeship provision. The design, in partnership with the growing group of engineering and digital businesses in Cornwall, will help meet the local higher skills needs for these important industries, offering well paid careers and making a valuable contribution to local economic growth. Further activity in HE has included the development of Nursing and Allied Health provision, with Nursing and Operating Department Practitioner Degree Apprenticeships launched for September 2021. Further NMC approval will be sought to open the Nursing Degree to OfS fee paying students for 2022.

The Higher Technical Qualification Quality Mark approval process has begun with the College submitting two programmes for the cycle two deadline in September 2021. Further courses in engineering, construction and business management will be submitted in 2022. Successful Growth Fund applications, in partnership/agreement with the SWIoT will further support the development of these qualifications, most notably by funding additional simulation equipment for the Nursing and Allied Health provision.

Bespoke provision

Truro and Penwith College Business provide courses in response to the needs of employers and employees and are committed to developing and expanding such provision further, ensuring we meet the priorities identified by the LEP in the strategic economic plan for Cornwall and particularly the impact and recovery from the pandemic. Partnerships continue to be developed in a range of sectors including Engineering, Hospitality and Catering and IT. Our offer ranges from specifically designed bespoke training to tailoring existing qualifications to better address employer's needs. In addition, the College is fully engaged with ESF projects totalling over three million pounds of which many engage with employers on skills need and course design through areas which include engineering, hospitality, ICT, construction in addition to other projects that work in wider partnership to reduce NEET, offer career advice and support in health and well-being.

It is anticipated that a successful DfE Skills Accelerator and Strategic Development Fund bid (detailed offer still to be confirmed) will lead to the creation of a Green Skills Technology Centre within the Valency building and enable investment in equipment and staff development for vehicle electrification and green technologies. The centre will focus on business collaboration and knowledge exchange, including sourcing market leading experts to inform and upskill local businesses through collaborative projects and training events. These activities will lead to increased student and employer collaboration and provide students with greater exposure to local employers.

EXTERNAL JUDGEMENTS OF QUALITY

The most recent Ofsted inspection report was published in April 2016 and awarded Grade 1, Outstanding, for Overall Effectiveness. The College became the first in the country to achieve an Outstanding grade under the Common Inspection Framework and remains one of only 48 nationally to do so. All the key inspection categories: Effectiveness of Leadership and Management, Quality of Teaching, Learning and Assessment, Personal Development, Behaviour and Welfare and Outcomes for Learners were graded as 1, Outstanding. In addition, 16-19 Study Programmes and Provision for Learners with High Needs were also judged to be Outstanding.

STRATEGIC REPORT (CONTINUED)

The College's Higher Education provision was successfully externally assessed by HEFCE through its Annual Provider Review in 2016/17 and in 2017/18 gained the Teaching Excellence Framework Gold Award. The College successfully completed the University of Plymouth's (UoP) 5 year review of the College's Higher Education provision in 2017/18 and is taking its older HE courses through UoP re-approval during a 5 year cycle until the next review. Following changes to UoP Academic Partnerships charges, the College negotiated a 5 year Academic Cooperation Agreement with the University of Plymouth and discussions have begun to start the review process. The College completed the Office for Students (OfS) registration process in 2019/20 and is now on the OfS Register as an HE Provider. An outcome of that process was a review of HE Governance to ensure the College meets the requirements of OfS and resulting from that review was the instigation of a risk register for all the OfS registration conditions.

Higher Education activity continues to adapt to a rapidly changing environment, with HE providers awaiting more responses to the DfE review of post-18 Education and Funding (Augar Review), possibly in April 2022, and engaging with an ongoing move towards 'badging' level 4 and 5 programmes as Higher Technical Qualifications. HE provision at the College is embracing more Pearson based Higher National Certificates and Diplomas (HNC/HND) as part of the South West Institute of Technology developments and has engaged with a new HE partner, the University of Greenwich, to support Higher Apprenticeship and degree apprenticeship developments in the Health and Care Sector. The new Director of Curriculum Development has started a review of the College's HE curriculum to ensure our delivery is creating high value opportunities for people and businesses in Cornwall. The College is in the second year of its 5 year OfS Access and Participation Plan, which was impacted by the limitations on activity imposed during the last 18 months of the Covid pandemic, and is now focused on project based activities to overcome the barriers to access, success and progression identified by students in the region.

The College has Investors in Diversity and Investor in Careers status and also Matrix accreditation for advice and guidance across the whole of its provision. Reaccreditation for Investors in Diversity was achieved in February 2021 and Matrix reaccreditation was awarded in March 2020.

In November 2016 the College received the AoC Beacon Award for Leadership and Governance. In November 2017 the College received the AoC Beacon Award for Mental Health and Wellbeing and was also the winner of the Leading Light Award. In 2019/20 Foundation Studies provision was highly commended by the AoC.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

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

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

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

STRATEGIC REPORT (CONTINUED)

The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a summary of the principal risk factors that affected the College during 2020/21.

1. Coronavirus

All education providers in the country have been affected by Coronavirus and its consequences. In the financial year covered by this report the College delivered a blended learning model. Students leaving the College this year received Teacher Assessed Grades which were the product of a robust, professional and careful process. The College continues to implement measures in line with government guidance in order to maximise the safety of learners and staff while on site. These measures include social distancing where possible, enhanced cleaning capacity available to staff and students as well as those services provided by our cleaning contractor, strong advice and requirements where appropriate regarding use of face masks and ventilating internal spaces. The College has also increased its transport capacity to support student safety before and after lessons. The College has had a comparably small number of positive cases and has taken swift and appropriate action in each case in line with government guidance. These processes have been endorsed by external health agencies. The College is ready to move back to widespread online learning if required over the course of the year.

2. Government funding and curriculum developments

The College is aware of several factors which may impact on future funding, including the new government Skills for Jobs white paper. The College is one of the early adopters of the new T-Levels and has collaborated on a number of capital projects relating to the development of Higher Level technical qualifications. These new developments are exciting opportunities for the College to be a national leader and delivering high quality will be a significant opportunity for the College. The College is working with key stakeholders to ensure it develops a future offer that meets the needs of local employers and students.

3. Recruitment

Although demographics are now expected to rise until 2025 and beyond, the College will need to continue to strengthen the recruitment of learners across the county and respond to competition from other providers. A variety of issues have been identified that could affect the enrolments across all ages and mitigating actions are being developed to address these where possible. There may also be short term volatility in recruitment levels across funding streams due to Covid 19 consequences. Ensuring an on-going focus upon the quality of provision remains a key priority for the College.

4. Failure to constrain expenditure

Government funding through the Education and Skills Funding Agency (ESFA) has continued to reduce in real terms. The College has an extremely strong financial base from which to address this problem. Careful budget planning and in year monitoring, along with ongoing reviews to identify efficiencies, helps to mitigate this risk.

5. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS102.

STRATEGIC REPORT (CONTINUED)

EQUALITY, DIVERSITY AND INCLUSION

Truro and Penwith College has a commitment to meet the general and specific duties contained in The Equality Act 2010. The College recognises the educational and business benefits of having a diverse community of staff and learners who value inclusion, diversity, one another and contribute to the achievement of the College's mission:

'to provide the best possible learning experience leading to the highest possible level of achievement by our students'

The College was reaccredited with the Investors in Diversity Quality Mark in 2021 and ranked within the top 25 of the 600+ organisations involved nationally with the scheme. This demonstrates the College's commitment to an all-encompassing approach to equality, diversity and inclusion.

The College culture seeks to be inclusive and as appropriate provide support to remove barriers to the educational achievement, personal progression and participation of individual learners. The College aims to provide a learning and working environment which values individuals equally and does not disadvantage individuals by discriminating on any grounds including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex (gender), and sexual orientation.

In the College's earlier individual equality schemes detail was given both on the legislative framework and on the general and specific statutory duties which apply to all public bodies, including tertiary colleges. This policy remains compliant with these duties, which cover race, disability, age and gender, and also encompasses the broader single equality duty covering the protected characteristics.

This Policy sets out the College's equality principles, aims and objectives for the period 2019/2021. The scheme describes how the College will:

- Promote equality of opportunity and avoid discrimination
- Place the advancement of inclusion, equality and diversity at the centre of its work
- Not tolerate harassment, victimisation or discrimination and has procedures in place to deal with such incidents
- Ensure that Truro and Penwith College operates best practice as an employer in pursuit of equality

The central aim of the College's Policy is to require action which will remove any existing barriers to all staff, students, governors and visitors, irrespective of age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex (gender) and sexual orientation.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College;

Numbers of employees who were relevant union officials during the relevant period	8
FTE employee number	7.5

STRATEGIC REPORT (CONTINUED)

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

Total cost of facility time	£14,299
Total pay bill	£29,625,000
Percentage of total bill spent on facility time	0.05%

Time spent on paid trade union activities as a percentage of total paid facility time	0.00%
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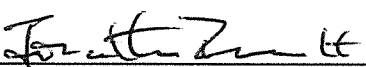
Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to disclose data regarding payment performance of suppliers. During the accounting period 1 August 2020 to 31 July 2021, the College paid 66.7 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

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:

Signature  Date: 15.12.21
Jonathan Burnett, Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 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:

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

In the opinion of the governors, the College complies with all the provisions of the Code insofar as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in November 2015, and has regard for the Higher Education Code of Governance issued by the Committee of University Chairs (CUC) in September 2020.

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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2020 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT ARE LISTED BELOW

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2020/21	Total Meetings Attended in 2020/21
Mrs K Ashworth	1 Aug 2013	1 Aug 2021	31 Jul 2025		External Member	Employment & Business Policy; Investment Panel	4/4	8/9
Mrs L Batchelor	1 Oct 2012	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit; Teaching, Learning & Assessment; Remuneration (Chair)	4/4	18/19
Mr R Bray	1 Sept 2020		31 Aug 2024		Staff Member	Teaching, Learning & Assessment	4/4	9/9
Mr J Burnett (Chair of Corporation from 1 Aug 2021)	1 April 2021		30 April 2025		External Member	Teaching, Learning & Assessment; Employment & Business Policy; Finance & General Purposes; Search & Governance	1/1	5/6
Mr P Callen	1 Nov 2016	1 Aug 2020	31 Jul 2024		External Member	Finance & General Purposes; Investment Panel	4/4	12/12
Mr D Collins	1 Aug 2017	1 Aug 2021	31 Jul 2025		External Member	Finance & General Purposes	4/4	10/10
Mr M Cooper	22 Nov 2019		31 Jul 2023		External Member	Finance & General Purposes	4/4	10/10
Mr R Crossland (Chair of Corporation until 31 July 2021)	17 Sep 2003	1 Aug 2017	31 Jul 2021		External Member	Teaching, Learning & Assessment; Remuneration; Employment & Business Policy (Chair); Search & Governance; Chairs' Standing Committee	4/4	14/15
Mrs L Gooding	1 Sept 2020		31 Aug 2024		External Member	Teaching, Learning & Assessment;	3/4	3/9
Sir Robert Owen	28 Mar 2018		31 Dec 2021		External Member	Teaching, Learning & Assessment; Finance & General Purposes	3/4	11/15
Ms K Prosser	1 Sept 2020		31 Aug 2024		External Member	Finance & General Purposes	3/4	7/10
Mr F Sadler	29 Sept 2021		8 Jul 2022		Student Member	Teaching, Learning & Assessment	0/0	0/0

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2020 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT (CONTINUED)

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2020/21	Total Meetings Attended in 2020/21
Mrs S Sanderson	1 Aug 2014	1 Aug 2018	31 Jul 2022		External Member	Audit, Teaching, Learning & Assessment	4/4	10/11
Ms F Sargent	29 Sept 2021		8 Jul 2022		Student Member	Teaching, Learning & Assessment	0/0	0/0
Dr E Sheridan	1 Jan 2007	1 Aug 2018	31 Jul 2022		External Member	Teaching, Learning & Assessment (Chair); Remuneration; Search & Governance; Chairs' Standing Committee	4/4	14/14
Ms D Skinnard	14 Mar 2006	1 Aug 2020	31 Jul 2024		External Member	Employment & Business Policy; Audit Committee	3/4	8/9
Ms K Skipper	16 Dec 2020		10 Jun 2022		HE Student Member	Teaching, Learning & Assessment	1/3	2/7
Mr R Townsend	1 Aug 2019		31 Jul 2023		External Member	Audit (Chair); Investment Panel; Search & Governance	4/4	11/11
Ms B Tubb	16 Dec 2020		2 Jul 2021		Student Member	Teaching, Learning & Assessment	1/3	2/6
Mr M Tucker	1 Sept 2020		ongoing		Principal	Finance & General Purposes; Search & Governance; Employment & Business Policy; Chairs' Standing Committee; Teaching, Learning & Assessment; Investment Panel	4/4	22/23
Prof F Wall	1 Sept 2021		31 Aug 2025		External Member	Teaching, Learning & Assessment	N/A	N/A

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

MEMBERS WHO SERVED ON THE CORPORATION DURING THE YEAR COMMENCING 1 AUGUST 2020 AND UP TO THE DATE OF SIGNATURE OF THIS REPORT (CONTINUED)

Name	Date of First Appointment	Date of Latest Appointment	Term of Office	Date of Resignation	Status	Committees Served	Corporation Meetings Attended in 2020/21	Total Meetings Attended in 2020/21
Mr D Walrond	23 Aug 2010			31 Aug 2020	Principal	Finance & General Purposes; Search & Governance; Employment & Business Policy; Chairs' Standing Committee; Teaching, Learning & Assessment; Investment Panel	N/A	N/A
Mr A Young	1 Aug 2016	1 Aug 2020	31 Jul 2024		External Member	Finance & General Purposes (Chair); Investment Panel	4/4	16/17
Mrs A Winter is Clerk to the Corporation							4/4	26/26

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Corporation consists of twenty members (with the flexibility to vary the membership from a minimum of fifteen to a maximum of twenty-five governors) and includes the Accounting Officer, a staff member, three students and at least eleven external members. The Search and Governance Committee has established clear rules for the appointment and re-appointment of governors and is responsible for monitoring the membership of the governing body and its committees; for recruiting, selecting and recommending the appointment and re-appointment of members; and for the succession planning of governors and the Chair of the Corporation as well as the Chairs of the committees.

The Committee meets once each term and reports formally to the Corporation annually. The Committee regularly reviews the overall profile of the governing body, length of service of governors and the skills and experience offered. The Committee is committed to increasing the diversity of the Corporation to broaden the perspective of the boardroom and to include representation from across the local community. The Committee recognises the value of refreshing the membership and actively plans for succession to ensure an appropriate turnover to bring in new ideas whilst ensuring continuity and maintaining the necessary range of skills and experience to operate effectively.

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 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 quarterly.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Teaching Learning and Assessment, Employment Policy, Remuneration, Audit, and Search and Governance. There is also a Chairs' Standing Committee. Full minutes of all meetings, except those deemed confidential by the Corporation, are available from the Clerk to the Corporation at: Truro and Penwith College, College Road, Truro, TR1 3XX. They are also available on the College website at www.truro-penwith.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.

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 and removal of the Clerk are matters for the Corporation as a whole.

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

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Appointments to the Corporation

All new appointments to the Corporation are a matter for approval of the Corporation as a whole. The Corporation has a nominations committee (Search and Governance Committee) which is comprised of the Chair and Vice-Chair of the Corporation, the Chairs of the respective Standing Committees and the Accounting Officer, and is responsible for considering nominations and making recommendation to the Corporation. The Corporation is responsible for ensuring that appropriate training and development is provided as required.

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

Records of Governors' attendance are maintained and are monitored by the Search and Governance Committee.

Corporation Performance

The Corporation carries out a self-assessment of its performance bi-annually. The latest self-assessment concluded its performance was "outstanding" on the Ofsted scale.

Remuneration Committee

Throughout the year ended 31 July 2021, the College's Remuneration Committee comprised three members, being the Chairs of the Teaching Learning and Assessment and Employment Policy Committees and one other governor. The Committee's responsibilities are to make recommendations to the Chair of the Board on the remuneration and benefits, and other conditions of service, of the Accounting Officer and other Key management personnel, and to determine the remuneration of the Clerk.

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

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and the Chair), who may not be members of the Finance and General Purposes Committee simultaneously, and up to two non-Corporation members, one of whom is a co-opted audit specialist. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

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

The College's internal auditors review the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and external auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The audit committee met two times in the year to 31 July 2021. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Mr R Townsend	2
Mrs S Sanderson	2
Ms D Skinnard	2
Mrs L Batchelor	2
Mr A Wheeldon	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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies.

He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

Capacity to handle risk

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The risk and control framework

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

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

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

Risks faced by the Corporation

During the year the Corporation identified, evaluated and managed the risks faced as outlined in the principal risks and uncertainties on Page 11.

Control weaknesses identified

During the annual cycle of reviews the internal auditors did not identify any significant control weaknesses.

Responsibilities under funding agreements

The Corporation met all its contractual responsibilities under its funding agreements and contracts with the ESFA.

Statement from the Audit Committee

The audit committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The audit committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2020/21 and up to the date of the approval of the financial statements are:

- Governance – Performance Management
- Risk Management – Reputational Risk
- ICT Security – Management Controls
- Key Financial Controls
- Capital Scheme – Institute of Technology
- Student Recruitments (FE & HE)
- Safeguarding
- Premises Management
- Learner Support Fund

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Review of effectiveness

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

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

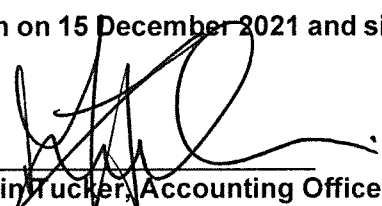
The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor and other sources of assurance. A plan to address weaknesses and ensure continuous improvement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

The Senior Management Team receives reports setting out key performance and risk indicators, and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its June meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Senior Management Team and the Audit Committee.

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

Signature 
Jonathan Burnett, Chair


Martin Tucker, Accounting Officer

Date 15.12.21

Date 15-12-21

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

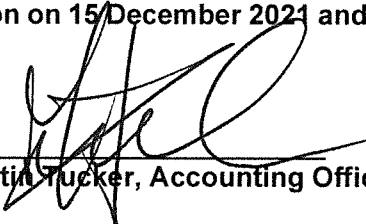
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Financial Memorandum and contracts in place between the College and the Education and Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the Financial Memorandum and contracts with the ESFA.

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

We confirm that no instances of material irregularity, impropriety or funding non-compliance discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency.

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

Signature 
Jonathan Burnett, Chair


Martin Tucker, Accounting Officer

Date 15.12.21

Date 15-12-21

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum agreed between the Education and Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education, and with the Accounts Direction for 2020 to 2021 issued by the Education and Skills Funding Agency, and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period.

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

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


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

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

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

Members of the Corporation are responsible for ensuring that income and expenditure 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 Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Education and Skills Funding Agency are not put at risk.

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


Jonathan Burnett, Chair

Date: 15.12.21

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE

Opinion

We have audited the financial statements of Truro and Penwith College (the 'Corporation') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2020 to 2021.

In our opinion the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 July 2021 and of the Corporation's Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2020 to 2021 and the Office for Students' Accounts Direction.

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE (CONTD)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Corporation, or returns adequate for our audit have not been received from branches not visited by us; or
- the Corporation's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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

In our opinion:

- Funds from whatever source administered by the Corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students ('OfS') and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

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

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

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 25, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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 Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE (CONTD)

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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the Corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the Corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the Corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the Corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure; and
- the matters discussed among the audit engagement team and involving relevant internal Corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the Corporation for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries and these were identified as having the greatest potential for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the FE HE SORP, and the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF TRURO AND PENWITH COLLEGE (CONTD)

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of Our Report

This report is made solely to the Corporation, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.



BISHOP FLEMING LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Date: 17/12/2021

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

In accordance with the terms of our engagement letter dated 18 June 2019 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Truro and Penwith College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

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

Respective responsibilities of Truro and Penwith College and the Reporting Accountant

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

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

Approach

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY (CONTD)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income and expenditure to ensure that funds have been applied for the purposes that they were awarded, focussed on areas assessed as higher risk.

Conclusion

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



BISHOP FLEMING LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Date 17/12/2021

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31 July 2021

		Yr ended 31 Jul 21	Yr ended 31 Jul 20
	Notes	£'000	£'000
Income			
Funding Body Grants	2	29,723	27,547
Tuition fees and education contracts	3	8,107	7,528
Other grants and contracts	5	2,561	2,572
Other income	6	2,082	2,143
Investment income	7	334	305
Total income		42,807	40,095
Expenditure			
Staff costs	8	32,719	29,492
Other operating expenses	9	9,148	8,425
Depreciation	12	3,545	3,358
Interest payable	11	336	338
Total expenditure		45,748	41,613
Deficit before other losses and gains		(2,941)	(1,518)
Gain on disposal of assets		256	912
(Loss)/Gain on investments		1,822	(1,166)
Deficit before tax		(863)	(1,772)
Taxation		-	-
Actuarial Loss in respect of Pension Schemes	21	(3,562)	(5,667)
Total Comprehensive Loss for the year		(4,425)	(7,439)
Represented by:			
Restricted comprehensive income		0	0
Unrestricted comprehensive income		(4,425)	(7,439)
		(4,425)	(7,439)

The Statement of Comprehensive Income is in respect of continuing activities.

STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2021

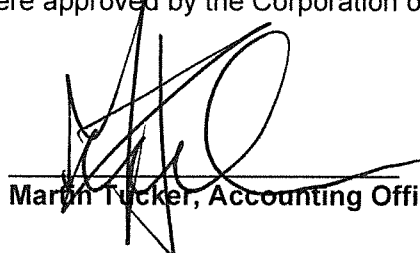
	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
Balance at 31 July 2020	42,358	1,847	200	44,405
Deficit from the income and expenditure account	(863)	-	-	(863)
Other comprehensive loss	(3,562)	-	-	(3,562)
Transfers between revaluation and income and expenditure reserves	59	(59)	-	-
Transfers between income and expenditure and restricted reserves	-	-	-	-
Balance at 31 July 2021	37,992	1,788	200	39,980

BALANCE SHEET
As at 31 July 2021

	Notes	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Non current assets			
Tangible assets	12	89,220	83,054
Financial assets	13	15,638	13,314
		<u>104,858</u>	<u>96,368</u>
Current assets			
Stock		71	78
Trade and other receivables	14	1,123	1,037
Investments	15	1,000	3,000
Cash and cash equivalents	19	4,223	5,856
		<u>6,417</u>	<u>9,971</u>
Less: Creditors - amounts falling due within one year	16	<u>(7,893)</u>	<u>(6,747)</u>
Net current assets		<u>(1,476)</u>	<u>3,224</u>
Total assets less current liabilities		103,382	99,592
Creditors: amounts falling due after more than one year	17	(34,133)	(32,561)
Provisions			
Defined benefit obligations	18	(29,269)	(22,626)
Other provisions			
		<u></u>	<u></u>
Total net assets		<u>39,980</u>	<u>44,405</u>
Restricted reserves			
Non-Government Capital Grants		200	200
		<u>200</u>	<u>200</u>
Total Restricted reserves		<u>200</u>	<u>200</u>
Unrestricted reserves			
Income and expenditure account		37,992	42,358
Revaluation reserve		1,788	1,847
		<u>39,780</u>	<u>44,205</u>
Total unrestricted reserves		<u>39,780</u>	<u>44,205</u>
Total reserves		<u>39,980</u>	<u>44,405</u>

The financial statements on pages 32-55 were approved by the Corporation on 15 December 2021 and were signed on its behalf by:


Jonathan Burnett, Chair


Martin Tucker, Accounting Officer

STATEMENT OF CASH FLOWS
For the year ended 31 July 2021

	Notes	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Cash flow from operating activities			
Deficit for the year		(863)	(1,772)
Adjustment for non-cash items			
Depreciation		3,545	3,358
(Increase)/decrease in stocks		8	(14)
(Increase)/decrease in debtors		(86)	509
Decrease in creditors due within one year		1,146	(938)
Decrease in creditors due after one year		1,572	(269)
Increase/(decrease) in provisions		-	-
(Gain)/loss on investments		(1,822)	1,166
Pensions costs less contributions payable		3,081	1,436
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(334)	(305)
Interest payable		-	-
Taxation paid		-	-
Profit/(loss) on disposal of fixed assets		295	1
Net cash flow from operating activities		6,542	3,172
Cash flows from investing activities			
Proceeds from sale of fixed assets		16	7
Disposal of non-current asset investments		1,242	7,894
Investment income		334	305
Withdrawal of deposits		2,000	1,500
New deposits		-	-
Payments made to acquire non-current investments		(1,744)	(9,562)
Payments made to acquire fixed assets		(10,023)	(3,608)
		(8,175)	3,464
Cash flows from financing activities			
Interest paid		-	-
Increase / (decrease) in cash and cash equivalents in the year		(1,633)	(292)
Cash and cash equivalents at beginning of the year	19	5,856	6,148
Cash and cash equivalents at end of the year	19	<u>4,223</u>	<u>5,856</u>

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 2019* (the 2019 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 use of previous valuations as deemed cost at transition for certain non-current assets.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. While the College faces some challenges as a result of the Covid-19 pandemic, it has significant reserves including cash and cash equivalents in excess of £20m and no borrowings. For this reason the College will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of Consolidation

The financial statements include the activities of the College only, as the College does not have any subsidiaries. All financial statements are made up to 31 July.

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

The College is the responsible body for the Cornwall School Centred Initial Teacher Training programme (Cornwall SCITT). Cornwall SCITT is managed independently from the College and its results have not been consolidated into the group accounts, although details of its results are published in note 25.

Recognition of Income

Revenue Grant Funding

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

The recurrent grant from the OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income. Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Capital Grant Funding

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

Fee Income

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

Investment Income

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

Agency Arrangements

The College acts as an agent in the collection and disbursement 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 this transaction.

Maintenance of Premises

The College has a ten-year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

Accounting for Post-employment Benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Cornwall Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at 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 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

a. Land and Buildings

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Other land and buildings 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 economic life to the institution of 50 years.

Improvements to buildings are depreciated over their expected useful economic life to the institution of 10 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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.

Buildings 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, it is charged to the income and expenditure account in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

b. Equipment

All furniture and equipment costing more than £100 per item, and when grouped totals more than £1,000, is capitalised. All purchases below this level are written off to the income and expenditure account in the year of acquisition. Capitalised equipment is depreciated on a straight line basis over its useful economic life as follows:

Computer equipment	3 years
Motor vehicles and general equipment	5 years
Furniture	8 years

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

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

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

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

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

Investments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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.

Stocks

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and Contingent Liabilities

Provisions are recognised when:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 23, except for 5% of the grant received, which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

2. Funding Body Grants

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Recurrent Grants		
Education and Skills Funding Agency - adult	879	679
Education and Skills Funding Agency - 16-18	24,694	22,792
Education and Skills Funding Agency - apprenticeships	2,023	2,124
Office for Students	(210)	(168)
Specific Grants		
Teachers' Pensions Grant	1,006	909
T Levels Early Adopter Grant	180	118
Alternative Completions	-	10
Covid Mass Testing	48	-
Releases of Government Capital Grants	1,103	1,083
Total	29,723	27,547

3. Tuition fees and Education Contracts

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Adult education fees	324	580
Apprenticeship fees and contracts	51	34
Fees for FE loan supported courses	516	516
Fees for HE loan supported courses	3,906	4,147
International students fees	-	13
Total tuition fees	4,797	5,290
Education contracts	3,310	2,238
Total	8,107	7,528

4. OfS Sources of Grant and Fee Income

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Grant Income from the OfS	145	163
Less Administration Charges	(355)	(331)
Net Grant Expenditure (note 2)	(210)	(168)
Fee income for Taught Awards (note 3)	3,906	4,147
Fee income for Research Awards	-	-
Fee income for Non Qualifying Courses	547	467
Total	4,453	4,446

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

5. Other Grants and Contracts

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
European Commission income	1,228	1,246
Other grants and contracts	1,279	1,229
Coronavirus Job Retention Scheme Grant	54	97
Total	2,561	2,572

The Corporation furloughed some of its nursery and shop staff, as well as some part time lecturers and apprentices in the salons under the government's Coronavirus Job Retention Scheme. The funding received of £54k relates to staff costs which are included within the staff costs note 8 below.

6. Other Income

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Catering and residences	74	179
Other income generating activities	296	292
Miscellaneous Income	1,712	1,672
Total	2,082	2,143

7. Investment Income

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Other investment income	315	228
Other interest receivable	19	77
Total	334	305

8. Staff Costs

The average number of persons (including key management personnel) employed by the College during the year was:

	Yr ended 31 Jul 21	Yr ended 31 Jul 20
Teaching staff	569	696
Non teaching staff	699	702
	1,268	1,398

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Staff costs for the above persons:		
Wages and salaries	23,645	21,953
Social Security costs	1,923	1,735
Restructuring costs (contractual)	66	10
Other pension costs (including FRS 102 adjustment of £2,745,000 – 2020 £1,098,000)	7,085	5,794
Total	32,719	29,492

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

Key Management Personnel

Key management personnel are defined as the Principal and holders of the other senior posts whom the governing body have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff.

Key management personnel for the College are the Accounting Officer, the Director of Finance and Admin, the Director of Studies, the Director of Partnerships, the Director of Quality, the Director of Operations, the Director of Teaching and Learning and the Director of Penwith College. During the period from 27 February 2020 to 31 August 2020 the Director of Penwith became the Acting Accounting Officer, before replacing the Accounting Officer on his retirement on a permanent basis from 1 September 2020. Subsequent changes to the key management personnel took place in August 2021 on retirement of the Director of Partnerships and Director of Studies. These roles are replaced by the Director of Partnerships and Apprenticeships, the Director of Curriculum Development and the Director of Student Experience. The Director of Penwith has been succeeded by the Director of Operations (Penwith).

No payments were made to key management personnel as compensation for loss of office during the year ended 31 July 2021.

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

	Numbers 2021	Numbers 2020
£5,000 - £10,000	-	2
£10,001 - £15,000	1	-
£15,001 - £20,000	-	1
£65,001 - £70,000	1	2
£70,001 - £75,000	1	-
£75,001 - £80,000	2	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	1
£90,001 - £95,000	1	1
£95,001 - £100,000	1	-
£100,001 - £105,000	-	1
£135,001 - £140,000	1	-
£155,001 - £160,000	-	1
	9	10

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Key management personnel emoluments are made up as follows:		
Basic Salary	736	688
Benefits in kind	-	-
Pension contributions	170	155
Total emoluments	906	843

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Salary	142	157
Benefits in kind	-	-
	142	157
Pension contributions	33	36

The governing body has adopted AoC's Senior Staff Remuneration Code in March 2019 and will assess pay in line with its principles in future.

The remuneration package of Key Management Staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Governing Body, who undertakes an annual review of his performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Principal's basic salary as a multiple of the median of all staff	6.1	6.5
Principal and CEO's total remuneration as a multiple of the median of all staff	6.0	6.4

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

9. Other Operating Expenses

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Teaching costs	3,247	3,303
Non teaching costs	2,934	2,590
Premises Costs	2,967	2,532
Total	9,148	8,425

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Other operating expenses include:		
Auditors' remuneration		
- internal audit	8	9
- financial statements audit	21	19
- other services provided by the external auditors	4	6

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

10. Access and Participation Expenditure

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Access Investment	89	144
Financial Support Provided to Students	203	230
Support for Disabled Students	39	42
Research and Evaluation	12	10
Total	343	426

The College's Access and Participation plan for the year ended 31 July 2021 is published at https://apis.officeforstudents.org.uk/accessplansdownloads/2024/Truro&Penwith_APP_2020-21_V1_10007063.pdf

11. Interest Payable

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Pension finance costs (note 21)	336	338
Total	336	338

12. Tangible Fixed Assets

	Land and Buildings Freehold £'000	Equipment £'000	Assets in the course of construction £'000	TOTAL £'000
Cost or valuation				
At 1 August 2020	111,970	16,474	2,357	130,801
Additions	5,305	2,766	1,952	10,023
Disposals	303	8,365	-	8,668
Transfer on use	2,357		(2,357)	-
At 31 July 2021	119,329	10,875	1,952	132,156
Depreciation				
At 1 August 2020	32,818	14,929	-	47,747
Charge for year	2,705	840	-	3,545
Elimination in respect of disposals	-	8,356	-	8,356
At 31 July 2021	35,523	7,413	-	42,936
Net book value at 31 July 2021	83,806	3,462	1,952	89,220
Net book value at 31 July 2020	79,152	1,545	2,357	83,054

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Inherited land and buildings were valued for the purpose of the 1995 financial statements at depreciated replacement cost by the Chief Land Agent and Valuer of the County Council. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis. The value of these assets is not considered to have changed. If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000s
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-
	<u>-</u>

13. Non-Current Investments

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Financial Assets	15,638	13,314

Fluctuations in the fair value of investments are recognised as a charge to equity through income and expenditure.

14. Debtors

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Amounts falling due within one year:		
Trade receivables	129	233
Prepayments and accrued income	994	804
Total	1,123	1,037

15. Current Investments

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Monies invested short term on the money market	1,000	3,000

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

16. Creditors: Amounts falling due within one year

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Trade Creditors	2,478	1,590
Taxation and pension contributions	998	882
Accruals	1,876	1,940
Payments received in advance	606	789
Deferred income – government capital grants	1,246	1,049
Amounts owed to Funding Bodies	689	497
Total	7,893	6,747

17. Creditors: Amounts falling due after more than one year

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Deferred Capital Grant	33,896	32,310
Other Deferred Income	237	251
Total	34,133	32,561

18. Provisions for Liabilities and Charges

	Defined Benefit Obligations £'000	Other Provisions £' 000	Total £'000
At 1 August 2020	22,626	-	22,626
Expenditure in the period	6,643	-	6,643
At 31 July 2021	29,269	-	29,269

19. Cash and Cash Equivalents

	1 Aug 20 £'000	Cash Flow £'000s	31 Jul 21 £'000
Cash in hand at Bank	5,856	(1,633)	4,223
Total	5,856	(1,633)	4,233

Cash balances that are held in fixed asset investments are included under Cash and Cash Equivalents.

20. Capital and Other Commitments

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Commitments contracted for but not provided at 31 July:	5,389	1,030
Authorised but not contracted for at 31 July:	831	5,903
	6,220	6,933

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

21. Defined Benefit Obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Cornwall Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall Council. 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 valuations of the TPS was 31 March 2016 and the LGPS was 31 March 2019.

Total pension cost for the year	Year ended 31 Jul 21 £'000	Year ended 31 Jul 20 £'000
Teachers Pension Scheme:		
Contributions paid	2,754	2,508
Local Government Pension Scheme:		
Contributions payable	1,586	2,188
FRS 102 (28) charge	2,745	1,098
Charge to the Income and Expenditure Account (staff costs)	4,331	3,286
Total pension cost for year	7,085	5,794

Contributions amounting to £506,000 (2020: £454,000) were payable to the above schemes at 31 July 2021 and are included within creditors.

Teachers' Pension Scheme

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

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

FRS 102 (28)

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

Valuation of the Teachers' Pension Scheme

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education in April 2019. The valuation

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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 2018/9). The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 and 2020-21 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location: <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

The pension costs paid to TPS in the year amounted to £2,754,000 (2020: £2,508,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Cornwall Pension Fund.

The total contributions made for the year ended 31 July 2021 were £2,112,000 of which employers' contributions totalled £1,598,000 and employees' contributions totalled £514,000. Employer's contribution rates were 18.4% for the College as the employer and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Financial Assumptions:

The following information is based on a full actuarial valuation of the Fund at 31 March 2019, updated to 31 July 2021 by Hymans Robertson, a qualified independent actuary.

	At 31 Jul 2021	At 31 Jul 2020
Salary Increase Rate	2.8%	2.1%
Pension Increase Rate (CPI)	2.8%	2.1%
Discount rate	1.6%	1.4%

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a.

	At 31 July 2021	At 31 July 2020
<i>Retiring today</i>		
Males	21.5	21.4
Females	24.1	23.6
<i>Future Pensioners*</i>		
Males	22.8	22.3
Females	25.8	25.1

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2021	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	1,815
1 year increase in member life expectancy	4%	3,061
0.1% increase in the Salary increase Rate	0%	120
0.1% increase in the Pension Increase Rate	2%	1,670

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

	Long-term rate of return expected 31 July 2021 % per annum	Value at 31 July 2021 £'000	Long-term rate of return expected 31 July 2020 % per annum	Value at 31 July 2020 £'000
Equities	1.6%	26,935	1.6%	21,970
Bonds	1.6%	17,011	1.6%	15,461
Property	1.6%	2,835	1.6%	2,441
Cash	1.6%	473	1.6%	814
Total Market Value of Assets		47,254		40,686
Present value of scheme liabilities		(76,523)		(63,312)
Surplus/(deficit) in the scheme		(29,269)		(22,626)

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

	Year ended 31 Jul 21 £'000	Year ended 31 Jul 20 £'000
Fair value of plan assets	47,254	40,686
Present value of plan liabilities	(76,523)	(63,312)
Net pensions liability (Note 18)	(29,269)	(22,626)

Amounts included in staff costs

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Current service cost	4,343	3,499
Past service cost	-	-
Total	4,343	3,499

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

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

Amount recognised in Other Comprehensive income

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Return on pension plan assets	4,739	(3,005)
Experience gains arising on defined benefit obligations	890	1,863
Change in assumptions underlying the present value of plan liabilities	(9,191)	(4,525)
Amount recognised in Other Comprehensive Income	(3,562)	(5,667)

Movement in net defined benefit liability during year

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Net defined liability in scheme at 1 August	(22,626)	(15,523)
Movement in year:		
Current service cost	(4,343)	(3,499)
Employer contributions	1,598	2,401
Past service cost	-	-
Net interest on the defined liability	(336)	(338)
Actuarial gain or loss	(3,562)	(5,667)
Net defined liability at 31 July	(29,269)	(22,626)

Changes in the present value of defined benefit obligations

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Defined benefit obligations at start of period	63,312	56,325
Current service cost	4,343	3,499
Interest cost	914	1,218
Contributions by scheme participants	514	459
Experience gains and losses on defined benefit obligations	(890)	(1,863)
Changes in financial assumptions	8,218	5,405
Changes in demographic assumptions	973	(880)
Estimated benefits paid	(861)	(851)
Past Service cost	-	-
Defined benefit obligations at end of period	76,523	63,312

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

Changes in fair value of plan assets

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Fair value of plan assets at start of period	40,686	40,802
Interest on plan assets	578	880
Return on plan assets	4,739	(3,005)
Employer contributions	1,598	2,401
Contributions by Scheme participants	514	459
Estimated benefits paid	(861)	(851)
Fair value of plan assets at end of period	47,254	40,686

The year-end liability includes a past service cost of £66,000 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 was just under 0.5% of the total scheme liability as at 31 March 2019. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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

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%.

The estimated value of employer contributions for the year ended 31 July 2022 is £1,852,000.

22. Related Party Transactions

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. See notes 24 - 27 for details of related party transactions and balances.

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

23. Amounts Disbursed as Agent

Learner Support Funds

	Yr ended 31 Jul 21 £'000	Yr ended 31 Jul 20 £'000
Funding body grants – discretionary learner support	1,198	946
Funding body grants – residential bursaries	-	1
Other Funding bodies grants	-	-
Interest earned	1	1
	<u>1,199</u>	<u>948</u>
Disbursed to students	(1,181)	(1,036)
Administration costs	(7)	(6)
Balance under/(over)spent as at 31 July 2021	<u>11</u>	<u>(94)</u>

Funding body grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

24. Truro and Penwith College Trust Fund

A separate charity, registered with the Charities Commission, raises money to help students of Truro and Penwith College by providing support towards the cost of educational trips, equipment and living costs.

The charity has 3 trustees: the Accounting Officer, the Chair of Governors and one other Governor.

The charity produces separate accounts, which show that at 31 July 2021 it has unrestricted reserves of £54,732 (2020: £59,592) and restricted reserves of £18,841 (2020: £22,522) with expenditure totalling £12,463 (2020: £27,352) for the period. During the period the College received some donations on behalf of the Trust Fund and also made some payments on behalf of the Trust Fund, resulting in a balance of £394 (2020: £6,266) owed to the College at 31 July 2021. Consolidated accounts have not been prepared on the grounds of materiality.

25. Cornwall SCITT

The College is the responsible body for the Cornwall School Centred Initial Teacher Training programme (Cornwall SCITT). Separate bank accounts are maintained and financial statements submitted to the National College for Teaching & Leadership in the format prescribed by them. Cornwall SCITT is a consortium of up to 85 local nursery, primary and secondary schools including a Special School MAT and Truro and Penwith College offering training for the 3-11 and 11-16 age range with post 16 enhancements. Cornwall SCITT is managed independently from the College and its results have not been consolidated.

During 2020/21 the College recharged staff and other costs incurred on behalf of Cornwall SCITT totalling £729,242 (2020: £570,756).

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

26. Truro and Penwith Academy Trust

The College has been instrumental in setting up Truro and Penwith Academy Trust, a multi academy trust which sponsors and supports primary and secondary schools in Cornwall. Truro and Penwith Academy Trust is a company limited by guarantee and has been established as an independent entity. The Trust has entered into a funding agreement with the Education and Skills Funding Agency and is required to submit financial statements to the ESFA in the format prescribed by them. The terms of the funding agreement ensure that the College does not exercise control over the Trust and therefore its results have not been consolidated. The Trust will publish its annual accounts on its website during January 2022 (<http://tpacademytrust.org>).

The support provided to the Trust by the College is at arm's length and in accordance with the College's financial procedures. During 2020/21 the College recharged costs incurred on behalf of the Trust totalling £6,488 (2020: £39,194). During the year the College made purchases totalling £42,317 (2020: £43,149) from the Trust. At the year-end £NIL (2020: £1,381) was due to the College from the Trust.

27. Callywith College Trust

The College has been instrumental in setting up Callywith College Trust, a tertiary college in the east of the county which opened its doors to students for the first time in September 2017. Callywith College Trust is a company limited by guarantee and has been established as an independent entity. The Trust entered into a funding agreement with the Education and Skills Funding Agency in 2017 and is required to submit financial statements to the ESFA in the format prescribed by them. The terms of the funding agreement ensure that the College does not exercise control over the Trust and therefore its results have not been consolidated. The Trust will publish its annual accounts on its website during January 2022 (<http://www.callywith.ac.uk>).

The support provided to the Trust by the College is at arm's length and in accordance with the College's financial procedures. During 2020/21 the College recharged staff and other costs incurred on behalf of the Trust totalling £78,030 (2020: £167,692). In addition to this the College charged £210,041 (2020: £77,580) in respect of its provision of cross college support to the Trust. The College made this charge at cost and did not make a profit from the transaction. During the year the College made purchases totalling £375 (2020: £12,605) from the Trust. At the year-end £7,220 (2020: £25,316) was due to the College from the Trust.