SUFFOLK NEW COLLEGE

Report and Financial Statements
For the Year Ended 31 July 2019

Key Management Personnel

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2018/19:

Viv Gillespie	**Principal and Accounting Officer**
Mandeep Gill	**Vice Principal (Resigned 27 August 2018)**
Alan Pease	**Deputy Principal (Commenced 20 August 2018)**
Mary Gleave	**Vice Principal**

Corporation

A full list of Corporation members is given on pages 12 to 14 of these financial statements.
Mr Dennis McGarry acted as Clerk to the Corporation throughout the period.

Professional Advisors

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Bankers:

Barclays Bank plc.
PO Box 885, Mortlock House
Histon
Cambridge
CB4 9DE

Advisers:

RSM Risk Assurance Services LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Solicitors

Gotelee Solicitors
31 – 41 Elm Street
Ipswich
Suffolk
IP1 2AY

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

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OBJECTIVES AND STRATEGY

The members of the Corporation of Suffolk New College present their report and the audited financial statements for the year ended 31 July 2019.

Legal Status

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

The Corporation was incorporated as Suffolk College Corporation. The Secretary of State granted consent to the Corporation to change the College's name to Suffolk New College with effect from 1 August 2007.

Mission, Vision and Strategy

Suffolk New College is committed to playing an active and vital role in the area's skills transformation that is required to fuel a more productive and high value economy.

Greater Ipswich is an area of growth and is predicted to continue to increase its population and economy. The College has many opportunities to support this and the key areas for development are articulated in the Strategic Plan. We have a clear sense of direction, and our plan, under its five strategic focus areas, sets out how we will fulfil the Strategic Aims of the College.

Suffolk New College commits to treating everyone with dignity and respect. We wish the ethos of the College to reflect a community that is free from discrimination, valuing all members of our College community equally and fairly.

Implementation of Strategic Plan

In January 2016, the College adopted a strategic plan for the period to 2020, which was updated in 2019 to 2024. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. It is a rolling five years Strategic Plan and therefore, on an annual basis the next five years are planned.

The College's continuing strategic focus areas are:

- Raising Standards and Aspirations
- Linking with Employers and Promoting Employability
- Responding to Local and Regional Priorities
- Seeking Involvement with Staff, Learners and The College's Community
- Growth and Sustainability

The College is on target for achieving these objectives.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The College has increased 16-18 funded student numbers for the past few years from 2,062 in 2016/17, to 2,096 in 2017/18, and to 2,221 in 2018/19.

The previous reductions were caused by demographic dips locally and nationally, further impacted by local competition with schools for the smaller numbers available. Indications were that Ipswich would be one of the areas to recover from the dip earlier than others would, and the increase in student numbers at the College confirm that. Whilst student numbers were in a decline, the College's response included reducing running costs and pursuing opportunities to grow income and numbers from other sources. Part of this response was to open Suffolk New College on the Coast, which successfully enrolled students from September 2018 with a number of courses running in a new geographic area for the College. The College is optimistic that numbers will steadily increase and this will enable more investment and the ability to review the curriculum offer.

Curriculum Developments

The College implemented a number of enhancements to the teaching and learning experience in 2018/19 including the introduction of Progress Tutors, a dedicated team to support students with their personal development, welfare and aspirations. The College also implemented a new dashboard reporting system, which enabled the curriculum teams to have real-time and integrated data on student progress, attendance and performance. The teaching teams continue to focus on delivering an Exceptional Student Experience. Improvements were also made to curriculum planning, enrolment and recruitment.

The team focussed on improving Value Added for appropriate programmes, as measured by the Alps software package, and this improved from grade 4 in 2017/18 to grade 2 in 2018/19. This puts the College in the top 5% of colleges for Value Added.

The College part time and full time ESOL (English for Speakers of Other Languages) courses grew over 2018/19. This included the need for programmes for younger 16-18 students, and adults requiring part time training.

During 2018/19, the degree Apprenticeship in Civil Engineering was successfully launched. This degree level Apprenticeship, in partnership with the University of Suffolk, complements the degree provision that the College already offers in this area but enables the College to provide options for employers.

The College was successful in being selected as a 2020 T Level Pilot Provider. The first T Level to be offered from September 2020 is in the Construction strand, specifically Design, Surveying and Planning. Work towards this commenced in 2018/19, with the College involved in national discussions and planning for this qualification. The College also worked on the qualifications required to feed into this new T Level, and the equipment needed, along with training for staff or the recruitment of skilled staff to deliver it.

The College has continued to work in partnership with Inspire Ltd on the Princes Trust, tailored for young people who are not in education, employment or training (NEETs) within the local community, and also worked with The Skills Network on distance learning courses targeting staff working in the care sector.

Future Prospects

The College has a strong financial track record as demonstrated by previous financial health performance. The College has continued to maintain strong reserves, whilst making investments into equipment and facilities with a particular focus on the Government priority of Science, Technology, Engineering and Mathematics (STEM) curriculum. The College launched a new Gas Centre in 2018/19, which not only enables the College to offer full cost employer focussed courses, but also meets the requirements of the new Apprenticeship standards. This has led to increased income in this area.

The College had an Ofsted Inspection in October 2017 and the overall result was 'Good,' as well as being 'Good' for all areas. This inspection formally recognised the improvements and changes that had been made since the previous inspection in 2015. The College will now not be due for inspection for approximately four years, depending on student outcomes over that time. A visit was carried out in June 2019 regarding safeguarding of vulnerable learners at the College. This raised some concerns, which the College has refuted and raised with Ofsted. The visit by Ofsted was very short and only six learners were reviewed. However, the College has reflected on some of the feedback, and included some additional actions in the College's action plan that were already underway, to enhance safeguarding at the College. An internal audit and confirmation from key stakeholders involved in safeguarding in Suffolk have also validated that the College has strong procedures in place for managing safeguarding.

The College is actively involved in the LEP and with key groups who are leading the strategic vision for Suffolk. The College was successful in 2017/18 with achieving LEP funding for a new Fabrication & Welding facility, an enhanced Engineering workshop, and also some funding to support the development of a Gas Assessment Centre at the College. In 2018/19, the College's bid for £1.6m towards a new Digital Hub was successful.

The FE Commissioner and Easton & Otley College approached Suffolk New College during 2018/19 as a potential partner to merge with. The College put forward a joint proposal with City College Norwich for Suffolk New College to merge with the Otley Campus, and for City College Norwich to merge with the Easton Campus. There were other proposals put forward by other colleges and universities. The College was successful and the FE Commissioner and Easton & Otley College as their preferred option chose the joint proposal. The intention, subject to due diligence, public consultation and final agreement, is for the merger to take place one minute past midnight on 1 January 2020. The work towards this merger, the business plan and financial plan was a key consideration during the latter part of 2018/19.

The College considers it appropriate to operate on a 'going concern' basis having due regard to best practice developments in the UK Corporate Governance Code 2014 in respect of going concern and risk management reporting.

The College believes that it will be able to continue in operation and meet its liabilities, taking into account the current position and principal risks for at least the next 18 months, including cash flow and reserves.

The College has a Financial Plan linked with the Strategic Plan, with strong reserves and cash flow.

RESOURCES

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

The College employs 324 staff (expressed as full time equivalents), of whom 180 are teaching staff.

The College enrolled approximately 3,790 students. The College's student population includes 2,460 16-to-18-year-old students, 440 Apprentices and 890 adult learners.

The College has £13.2 million of net assets (including £5.6 million of pension liability) and long-term debt of £7.8 million. Tangible resources include the main college site.

The College has a strong reputation locally as a community college that focuses on key skills to support positive destinations, with over 98% progressing onto employment or a further course. Regionally the College has a prominent presence and the Principal represents the College on a number of groups. The College has strong links with New Anglia Local Enterprise Partnership (NALEP), Energy Skills Board, University of Suffolk, Suffolk Chamber of Commerce, Ipswich Chamber of Commerce, Association of Colleges in the Eastern Region (ACER), Association of Colleges National Apprenticeship Group, Ipswich Central, Ipswich Borough Council and Suffolk County Council. Links with employers have grown over the past few years, with an increased emphasis on Business Development at the College. There are a number of stakeholder groups taking place, engaging with business representatives, along with businesses who have given their support to the College and are represented in the College Atrium on logo boards.

Stakeholders

Suffolk New College has many stakeholders including:

- Its current, future and past students
- The employers it works with
- Its staff and their trade unions
- The professional organisations in the sectors where it works
- Its partner schools and universities; the wider college community
- The local borough council, local authority and the Local Enterprise Partnership

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

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated a loss before other gains and losses in the year of £217,000 (2017/18: Loss of £339,000), with a deficit total comprehensive income of £2,558,000 (2017/18: surplus of £2,130,000).

The decrease in respect of total comprehensive income is the actuarial loss on the pension scheme in 2018/19. See Note 24 for further details.

Developments

Tangible non-current asset additions during the year amounted to £508,000. The majority of expenditure was invested in maintaining the high level of IT hardware and ensuring that classroom equipment is maintained in line with industry standards, along with adaptations to the building to provide enhanced teaching facilities in response to student and employer feedback.

There were minor intangible non-current asset additions during the year, in respect of new software.

Reserves

The College has reserves of £13,186,000 (2018: £15,744,000) and cash and short-term investment balances of £4,410,000 (2018: £4,312,000).

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018/19, the FE funding bodies provided 79.6% of the College's total income. (2017/18: 75%)

FUTURE PROSPECTS

Financial Plan

The College Corporation approved a financial plan in July 2019, which sets objectives for the period to 2021.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short-term borrowing for temporary revenue purposes is authorised by the Principal. All other borrowing requires the authority of the Corporation.

Cash Flows and Liquidity

At £1,284,000 (2017/18: £1,063,000), net cash flow from operating activities was positive.

The net cash flow was a result of maintaining a robust strategy for debt prevention and credit control.

The College has a £10 million long-term loan, which was put in place as part of the financing sources for the College's new build, of which £7,784,000 remained at the year-end.

At the year-end, the College had cash at bank and in hand of £4,410,000 (2018: £4,312,000).

Reserves Policy

The College requires reserves for contingency and investment purposes. This enables the College to make investments towards technology and building programmes. Therefore, the technology available for teaching and learning remains current and enhances the student experience. In addition, the College's building is kept in good condition and the internal spaces are conducive to teaching and learning.

The College currently has reserves of £13,186,000.

The College has a separate Reserves Policy in place approved by the Corporation. In line with the profile of the funding received, the College maintained a net current asset ratio of a least 1.5 at all times to ensure that the College met all of its liabilities when due, as required by the policy.

Going Concern

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The register is shared with managers via Senior Management Team and Business Support Managers for their comments and contribution.

The main factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College:

Government Funding

The College has considerable reliance on continued Government funding through the further education funding bodies. In 2018/19, 79.6% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that Government policy or practice will remain the same, or that public funding will continue at the same levels or on the same terms. However, there have been some announcements from the Government that they are increasing the base funding for students. The College is also aware of the funding available to providers who are T Level providers and this has impacted on the College's strategy to be a 2020 pilot provider, and to deliver further T Levels in 2021.

The College achieved Industry Capacity Building Funding to increase the number of students experiencing longer work placements in preparation for the requirements of the new T Levels, where placements are a key component. The funding from this grant enabled the College to gain some learning, which will help with the implementation of T Levels going forwards.

The College was chosen for Maths Pilot funding. This was used to enhance the provision of Maths support for students who have not previously achieved Grade 4 at GCSE.

Apprenticeship numbers, both levy and non-levy, increased in 2018/19 and the College offered both frameworks and standards. During the year, the College commenced the transition from frameworks to standards, where possible, and was also successful with continuing to be on the Register for Apprenticeship Providers (RoATP), which enables the College to receive non-levy allocations.

The College managed to maximise the funding available under the Adult Education Budget but will experience some reduction going forwards as a result of a small number of learners living in devolved areas.

A business case to increase High Needs Students, funded directly by the ESFA (Education Skills Funding Agency) for element 2, was successful. The College had not received any adjustment to the number of students for a number of years, despite the number of actual students increasing. This meant that funding had to be sought by the Local Authority. The successful business case resulted in the number of High Needs Students increasing from 89 to 191, which provides more certainty in funding going forward.

The College is focussed on utilising the funding levels currently available and to pursue opportunities for further funding. The College has oversight of all of the funding streams through the Funding Group, which meets regularly to plan the use of funding and to advise Senior Managers on strategies and information related to funding.

These risks are also mitigated in a number of ways:

- funding is derived through a number of direct and indirect contractual arrangements;
- ensuring that the College is rigorous in delivering high quality education and training;
- considerable focus and investment is placed on maintaining and managing key relationships with the funding bodies;
- ensuring the College is focused on those priority sectors which will continue to benefit;
- regular dialogue with funding bodies;
- a focus on increasing funding from a range of sources.

Tuition Fee Policy

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

This risk is mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.
- A proactive management of tuition fee repayments and a strategy to resolve any debts as they occur.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's Statement of Financial Position in line with the requirements of FRS102.

This risk is mitigated by an agreed deficit recovery plan with Suffolk Pension Fund.

Failure to maintain the financial viability of the College

The College's current financial health grade is classified as 'good'. This is due to income levels, reserves, cash flow, performance against key performance indicators including ratios and strong financial management. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the on-going cuts in public spending whilst maintaining the student experience.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis.
- Regular in year budget monitoring.
- Robust financial controls.
- Exploring procurement efficiencies.
- Diversifying income streams.

KEY PERFORMANCE INDICATORS

The College's financial objectives are:

- To remain financially viable
- To increase income to the College from diverse income streams.
- To remain within the financial covenants as set out in the loan facility terms for the £10 million long-term loan from Barclays Bank.
- To maintain a good level of short-term liquidity.

Performance indicators have been agreed to monitor the success of these objectives.

Key Performance Indicators	Target	Actual from accounts for 18/19	Education and Skills Funding Agency Sector Specific*
EBITDA as % of income	> 7%	12.68%	8.15%
Borrowings as % of income	< 40%	41.76%	44.33%
Current ratio	> 1	1.77	2.52
Staff Costs as % of income	< 65%	64.60%	69.39%
Financial Health Score	Good	Good	Good

EBITDA is arrived at by taking the deficit before other gains and losses (£-171k), adding back the depreciation and amortisation figure (£2,079k) and interest and other finance costs (£456k). This comes to £2,364k, which is expressed as a percentage of the income £18,638k.

* The Education and Skills Funding Agency (ESFA) sector specific KPI's differ from the accounts in the following ways:

- Income and EBITDA are adjusted for release of capital grants (£1,077k), and net return on the pension scheme (£-309k).
- The current liabilities are adjusted by removing the accrual for holiday pay (£312k), and capital grants (£1,077k), which impacts the current ratio.

FE Choices has four key performance indicators:

- Success Rates
- Learner Destinations
- Learner Satisfaction
- Employer Satisfaction

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website, which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA).

Student Achievements

In 2018/19 headline achievement rates for students are;

Key Performance Indicators (KPIs)	2017/18	2018/19	National Average (NA)
Headline Achievement Rates			
• Classroom Based Learning	• 86.1%	• 87.5%	• 86.1%
• Apprenticeships Timely	• 61.4%	• 62.4%	• 60.3%
• Apprenticeships Overall	• 73.1%	• 74.9%	• 69.2%

The College had a significant number of students taking either or both Maths and English at Functional Skills or GCSE level. In 18/19 the headline achievement rates are:

Key Performance Indicators (KPIs)	2017/18	2018/19	National Average (NA)
Headline English and Maths Achievement Rates			
• GCSE English 9-1	• 82.6%	• 83.3%	• 82.8%
• GCSE English 9-4	• 29.2%	• 31.6%	• 33%
• GCSE Maths 9-1	• 84.6%	• 80.7%	• 81.8%
• GCSE Maths 9-4	• 19.6%	• 19.5%	• 23%

Public Benefit

Suffolk New College is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of The Corporation, who are trustees of the charity, are disclosed on pages 12 to 14.

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

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to 3,790 students, including 167 with High Needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and provides training to 440 apprentices. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Single Equality Scheme is published on the College's website.

The Single Equality Scheme and Action Plan is updated annually to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Single Equality Scheme, is shared with key community stakeholders. The College undertakes equality impact assessments on all new policies and procedures and publishes the results.

Equality impact assessments are also undertaken for existing policies and procedures as they are reviewed.

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Positive about Disability standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has an online Equality & Diversity training programme, which all staff have participated in. Refresher training and training for new starters is carried out on an ongoing basis and regular updates are provided at CPD events.

The College also has CHAD (Challenge Hatred and Discrimination) which provides ways for students and staff to challenge inappropriate behaviour themselves or seek to support as required. It reminds people of what is acceptable behaviour and treatment of others.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010. We aim to:

- Promote equality of opportunity between disabled people and other people.
- Eliminate discrimination that is unlawful under the Disability Discrimination Act.
- Eliminate harassment of disabled people that is related to their disability.
- Promote positive attitudes towards disabled people.
- Encourage participation by disabled people in public life.
- Take steps to meet disabled people's needs, even if this requires more favourable treatment.

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, based on the year to March 2019.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
6	1

Percentage of time - %	Number of employees
0	0
1 – 50	6
51 – 99	0
100	0

The total cost of facility time	£33,870

The total pay bill	£11,557,581
The percentage of the total pay bill spent on facility time	0.29%

Time spent on paid trade union activities as a percentage of total paid facility time	4.41%

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods and services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2018 to 31 July 2019, the College paid 80% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Disclosure of Information to Auditor

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 he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors is aware of that information.

Approved by order of the members of the Corporation on 12 December 2019 and signed on its behalf by:

R E Fern

Chair

The following statement is provided to enable readers of the financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 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 adopted in 2015 ("the code");

In the opinion of the members of the Corporation, the College complies with all the provisions of the Code and it has complied throughout the year to 31 July 2019. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 16 July 2015.

The Corporation

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

Name of Member	Date of Appointment	Term of office	Date of Termination	Status of appointment	Committees served during 2018/19	Mtgs Att.	%
Mr R Fern (Chair)	1 August 2012 (reappointed July 2016)	4 Years	-	Member	Corporation (Chair); Finance & Employment; Search; Remuneration	7 5 1 1	100 100 100 100
Ms A Beech (Vice Chair until 31 July 2019)	28 March 2013 (reappointed March 2017)	4 Years	-	Member	Corporation; Search (Chair); Remuneration (Chair until 31 July 2019); Audit & Risk **	6 1 1 1	86 100 100 100
Mr M Cole	22 July 2010 (reappointed July 2018)	4 Years	-	Member	Corporation; Finance & Employment	3 4	43 80
Mrs E Harsant	8 September 2014 (reappointed September 2018)	4 Years	31 July 2019	Member	Corporation; Audit & Risk (Chair until 31 Dec 2018); Search; Remuneration	4 2 0 1	57 50 0 100
Mrs V Gillespie	Appointed Principal 1 July 2015	-	-	Principal	Corporation; Finance & Employment; Search	7 5 1	100 100 100

Ms D Harvey-Arnell	24 October 2013 (reappointed October 2017)	4 Years	-	Member	Corporation; Audit & Risk (Chair from 1 Jan 2019)	4 2	57 50
Mr T Hetherington	15 May 2015	4 Years	31 July 2019	Staff Member	Corporation; Search	6 1	100 100
Mr C Leggett	1 August 2018	4 Years	-	Member	Corporation; Finance & Employment	3 4	43 80
Mr J Legh-Smith	1 August 2018	4 Years	-	Member	Corporation; Audit & Risk	6 2	86 50
Dr M Lyne	16 July 2015 (reappointed July 2019)	4 Years	-	Member	Corporation	4	57
Ms J Martin	27 March 2014 (reappointed March 2018)	4 Years	-	Member	Corporation; Audit & Risk **	5 1	71 100
Mr S Pugh (Vice Chair from 01 Aug 2019)	12 May 2011 (reappointed May 2019)	4 Years	-	Member	Corporation; Finance & Employment (Chair); Remuneration (Chair from 01 Aug 2019)	7 5 1	100 100 100
Mr A Prickett	26 November 2015 (reappointed November 2019)	4 Years	-	Member	Corporation; Audit & Risk	3 1	43 25
Mr T Richardson	1 August 2018	1 Year	31 October 2018	Student Member	Search	0	0
Mr J Stephenson	1 August 2018	4 Years	-	Member	Corporation; Audit & Risk	5 1	71 100
Mrs T Rose-Porter	1 August 2019	4 Years	-	Staff Member	Corporation; Search	0 0	0 0
Mr C Warnes	17 December 2015 (reappointed December 2019)	4 Years	-	Member	Corporation; Audit & Risk	4 3	57 75

Co-opted Members

At no time were those listed below full members of the Corporation.

Name	Date of Appointment	Term of Office	Date of Termination	Committee	Att	%
Mrs S Beavis	20 December 2011 (reappointed December 2015)	4 Years	-	Co-opted Audit & Risk	3	75
Mr M Cooper	1 August 2018	4 Years	-	Co-opted Finance & Employment	3	60
Mr S Flory	1 August 2018	4 Years	-	Co-opted Search	1	100

** Attended 1 meeting to make it quorate.

The Clerk to the Corporation for Academic Year 2018/19 was Mr Dennis McGarry, Anden Consultancy Limited, a limited company registered under the Companies Acts, of which Mr McGarry is a Director.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Employment, Remuneration, Search, and Audit and Risk. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are posted on the College website at www.suffolk.ac.uk or from the Clerk to the Corporation at:

Suffolk New College

Ipswich

Suffolk

IP4 1LT

The Clerk to the Corporation maintains a register of financial and personal interests of the members of the Corporation. The register is available for inspection at the above address and on the College website.

All members of the Corporation 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 Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to members of the Corporation 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 Chairman and Accounting Officer are separate.

Appointments to the Corporation

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

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

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2019 and graded itself as 'Good' according to Ofsted criteria.

Remuneration Committee

Throughout the year ending 31 July 2019 the College's Remuneration Committee comprised of four members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2019 are set out in note 9 to the financial statements.

Audit and Risk Committee

The Audit and Risk Committee comprises six members of the Corporation (excluding the Accounting Officer and Chair) and a co-opted audit specialist. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Committee meets at least once a term and provides a forum for reporting by the College's risk assurance advisors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's advisors (RSM Risk Assurance Services LLP) review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Committee.

Management is responsible for the implementation of agreed internal control recommendations and RSM Risk Assurance Services LLP undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit and Risk Committee also advises the Corporation on the appointment of risk assurance advisors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Finance and Employment Committee

The Finance and Employment Committee comprises six members including the Chair of Corporation, the Principal and a co-opted member.

The Finance and Employment Committee meets five times a year and formulate guidelines for (and advises the Corporation on) its oversight of the discharge of the Corporation's responsibilities for the proper management of the resources and assets of the College.

It is the responsibility of the Finance and Employment Committee to make recommendations to the Corporation on the strategy for:

- Financial management;
- Annual estimates of income and expenditure;
- Fees and charges;
- Conditions of service (except for those of the Senior Post Holders);
- All human resources matters excluding those for Senior Post Holders;
- Health and safety.

The Committee also monitors the achievement of financial performance indicators and advises the Corporation accordingly. It considers monthly management accounts; annual financial statements; and budgets and financial regulations prior to the recommendation for Corporation approval.

Search Committee

The Search Committee comprises six members, the Chair of Corporation, the Principal, four other members of Corporation and as a co-opted member the Chair of the Ambassador group of the College. The purpose of the Search Committee is to advise Corporation on the appointment and reappointment of Members of the Corporation including:

- to determine the process whereby candidates for consideration for Corporation Membership are nominated;
- to advise the Corporation on such matters relating to membership and appointments as the Corporation may remit;
- to evaluate the contribution made by existing individual Members before proposing any re-appointment to the Corporation;
- to monitor the skills and experience of Corporation Members to identify desired areas of expertise to be sought in the appointment of new Members;
- to determine and monitor the Corporation Member Training and Development Policy;
- to advise the Corporation on the appointment of co-opted non-Corporation members to Corporation Committees.

The Search Committee also advises the Corporation on governance issues including the annual self-assessment of Governance and monitoring the associated action plans; Corporation and Committee structure and Members; Standing Orders and the Code of Conduct.

It is not a formal Committee of Corporation but the College does have an Academic Standards group which comprises of governors who link to key priority themes of the College and they carry out learning walks, lesson observations and interrogate data showing attendance, retention and achievement. These governors provide an essential link into the main Corporation meetings where all governors have an opportunity to receive student data and subject it to scrutiny and challenge.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Suffolk New College and the funding bodies. The Accounting Officer 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 on-going 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 Suffolk New College for the year ended 31 July 2019 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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;

- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Suffolk New College's arrangement with RSM Risk Assurance Services LLP continued during the year ended 31 July 2019. For that year along with RSM Risk Assurance Services LLP, the College Management and Members of the Corporation have assessed the internal controls and developed a broad assurance framework, clearly showing the mapping of assurance sources against the risks identified.

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

- GDPR
- Key Financial Controls - Cash Management and Income and Debtors
- Curriculum Planning
- Governance and Risk Management

Review of effectiveness

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

- the work of the advisors, RSM Risk Assurance Services LLP;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors and the reporting accountant for regularity assurance in their management letters and other reports.

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

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Team and Audit and Risk Committee also receive regular reports from advisors and other sources of assurance, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporations agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the Executive Team and advisors, and taking account of events since 31 July 2019.

Based on the advice of the Audit and Risk 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 12 December 2019 and signed on its behalf by:

R E Fern	**V A Gillespie**
Chair	**Accounting Officer**

Suffolk New College

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

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

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

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

Approved by order of the members of the Corporation on 12 December 2019 and signed on its behalf by:

R E Fern
Chair

V A Gillespie
Accounting Officer

The members of the Corporation who act as trustees for the charitable activities of the College are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Members Report for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education and Skills Funding Agency, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and which give a true and fair view of the state of affairs of the College and of the College's deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps 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 funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Corporation on 12 December 2019 and signed on its behalf by:

R E Fern

Chair

Opinion
We have audited the financial statements of Suffolk New College (the "College") for the year ended 31 July 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 2018 to 2019 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:
- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Responsibilities of the Corporation of Suffolk New College
As explained more fully in the Statement of the Corporation's Responsibilities set out on page 21, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 17 July 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Date 18 December 2019

Suffolk New College

Statement of Comprehensive Income for the year ended 31 July 2019

	Notes	2019 £'000	2018 £'000
INCOME			
Funding body grants	3	14,839	13,922
Tuition fees and education contracts	4	2,426	2,547
Other grants and contracts	5	290	382
Other income	6	1,052	1,686
Investment income	7	31	15
Donations and Endowments	8	-	1
Total income		**18,638**	**18,553**
EXPENDITURE			
Staff costs	9	12,041	11,814
Other operating expenses	10	4,233	4,455
Depreciation and Amortisation	13 & 14	2,079	2,101
Interest and other finance costs	11	456	520
Total expenditure		**18,809**	**18,890**
(Deficit)/surplus before other gains and losses		**(171)**	**(337)**
Loss on disposal of assets		(46)	(2)
(Deficit)/surplus before tax		**(217)**	**(339)**
Taxation	12	-	-
(Deficit)/surplus for the year		**(217)**	**(339)**
Remeasurement of defined benefit liability	24	(2,251)	2,508
Remeasurement of enhanced pension liability	24	(90)	(39)
Total comprehensive income for the year		**(2,558)**	**2,130**
Represented by			
Restricted comprehensive income for the year		(3)	1
Unrestricted comprehensive income for the year		(2,555)	2,129
		(2,558)	**2,130**

All items of income and expenditure relate to continuing activities.

Suffolk New College

Statement of Financial Position as at 31 July 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Intangible fixed assets	13	45	63
Tangible fixed assets	14	54,880	56,470
Investments	15	10	10
		54,935	**56,543**
Current assets			
Stocks		25	44
Trade and other receivables	16	1,799	1,705
Cash and cash equivalents		4,410	4,312
		6,234	**6,061**
Less: Creditors - amounts falling due within one year	17	(3,514)	(3,532)
Net current assets		**2,720**	**2,529**
Total assets less current liabilities		**57,655**	**59,072**
Creditors - amounts falling due after more than one year	18	(37,179)	(38,594)
Provisions for liabilities			
Defined benefit obligations	20 & 24	(5,564)	(3,004)
Other provisions	20	(1,726)	(1,730)
Total net assets		**13,186**	**15,744**
Restricted reserves			
Endowment reserve		32	35
Total restricted reserves		**32**	**35**
Unrestricted reserves			
Income and expenditure account		12,127	14,682
Revaluation reserve		1,027	1,027
Total unrestricted reserves		**13,154**	**15,709**
Total reserves		**13,186**	**15,744**

The financial statements on pages 24 to 52 were approved and authorised for issue by the Corporation on 12 December 2019 and were signed on its behalf on that date by:

R E Fern
Chair

V A Gillespie
Accounting Officer

Suffolk New College

Statement of Changes in Reserves for the year ended 31 July 2019

	Income and Expenditure Reserve		Revaluation Reserve	Total
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
Balance at 1 August 2017	34	12,553	1,027	**13,614**
Surplus / (Deficit) for the year	1	(340)	-	**(339)**
Other comprehensive income	-	2,469	-	**2,469**
Total comprehensive income for the year	**1**	**2,129**	-	**2,130**
Balance at 31 July 2018	**35**	**14,682**	**1,027**	**15,744**
(Deficit) for the year	(3)	(214)	-	**(217)**
Other comprehensive income		(2,341)	-	**(2,341)**
Total comprehensive income for the year	**(3)**	**(2,555)**	-	**(2,558)**
Balance at 31 July 2019	**32**	**12,127**	**1,027**	**13,186**

Suffolk New College

Statement of Cash Flows for the year ended 31 July 2019

	Notes	2019 £'000	2018 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		(217)	(339)
Adjustment for non-cash items			
Depreciation		2,079	2,101
Decrease/(increase) in stocks		19	2
Decrease/(increase) in debtors		(94)	(262)
(Decrease)/increase in creditors due within one year		(29)	65
(Decrease)/increase in creditors due after one year		(1,070)	(1,114)
(Decrease)/increase in provisions		(94)	(92)
Pensions costs less contributions payable		309	342
Adjustment for investing or financing activities			
Investment income		(31)	(15)
Interest payable		366	373
Loss on sale of fixed assets		46	2
Net cash flow from operating activities		**1,284**	**1,063**
Cash flows from investing activities			
Investment income		31	15
Proceeds from disposal of fixed assets		-	7
Payments made to acquire fixed assets		(517)	(411)
		(486)	(389)
Cash flows from financing activities			
Interest paid		(366)	(373)
Repayments of amounts borrowed		(334)	(324)
		(700)	(697)
Increase / (decrease) in cash and cash equivalents in the year		**98**	**(23)**
Cash and cash equivalents at the beginning of the year		4,312	4,335
Cash and cash equivalents at the end of the year		**4,410**	**4,312**

1. Accounting Policies

General Information

Suffolk New College is a Corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 14. The nature of the College's operations is set out in the Members' Report.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction 2018 to 2019 and in accordance with Financial Reporting Standard FRS102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in sterling, which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going Concern

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

The College currently has £7.784 million of long-term unsecured loans in place with Barclays Bank under a facility put in place during 2008 as part of the funding for the college's new building. These loans are repayable by instalments over the period up to 2035. The college's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The proposed merger with Otley College, with effect from 01/01/2020, has been fully costed, along with cash flow projections, following a robust due diligence process and sensitivity analysis. Agreements are in place regarding the transfer of the pension liability and the novation of a fixed rate loan with the appropriate authorities. This provides an opportunity for the College to offer a broader range of curriculum and to secure a land based agriculture offer for Suffolk. The site has more capacity than is currently utilised, and the College has plans to grow and enhance the current provision offered.

The College was successful with a bid for LEP funding of £1.6million to build a Digital and Technology Skills Hub to enhance the offering available to be able to meet the future needs of local digital industries. The building has commenced and is due to be completed during the 2020/21 academic year with the first intake of full time 16-18 students in 2021/22. This will introduce a new funding stream into the College.

The College is also a T-Level pilot provider with the first qualification due to be rolled out in 2020, followed by further T-level's being introduced in the following years. Again, this introduces new funding streams into the College and enhances the students' choice of learner pathways.

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

Recognition of income

Grants – government and non-government

Revenue Grant Funding

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the College and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date, which is not provided for in the annual main funding guidance, is not reflected in the income recognised.

16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

Levy-funded and ESFA funding for the co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Capital grant Funding – government grants

Government capital grants for assets, other than land, are accounted for under the accrual model and for land the performance model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year. Government capital grants for land are recognised in income when the performance related conditions have been met.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees, including employer funding for co-investment funded apprenticeships is recognised over the period for which it is received. All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned on a receivable basis.

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

Retirement benefits

Retirement benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the Statement of Comprehensive Income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest on the net defined benefit liability/asset is charged to the Statement of Comprehensive Income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short Term Employment Benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

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 comprehensive 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.

Fixed asset investments

Investments in subsidiaries

Investments in subsidiaries are initially measured at cost, and subsequently measured at cost less any accumulated impairment losses.

The College's subsidiary company, Suffolk Educational and Training Company Limited (SETS Limited) is currently dormant.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and Buildings

On adoption of FRS102, the College followed the transitional provision to retain the book value of land which was revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Equipment

Equipment costing less than £1000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulate impairment losses.

Depreciation and residual values

Freehold land is not depreciated as it is considered to have an indefinite useful life. Depreciation on other assets is calculated, using the straight-line basis, to write off the cost of each asset to its estimated residual value over its expected useful life, as follows:

- Freehold Buildings 40 Years
- Refurbishments - Between 5 years and 40 years depending on their useful economic life to the College.
- Equipment 5 – 15 years depending on the nature
- Furniture 10 – 15 years depending on the nature
- Fixtures & Fittings 10 years
- Plant & Machinery 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replacement parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

Intangible fixed assets

Intangible assets are initially recognised at cost, are subsequently measured at cost less accumulated amortisation, and accumulated impairment losses. Intangible assets are amortised to the statement of comprehensive income on a straight-line basis over their useful lives, and for purchased computer software, this is 5 years.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets is treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the assets revised carrying amount (less any residual value) over its remaining useful life.

Borrowing Costs

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

Leased Assets

Finance Leased Assets

Leasing agreements which transfer to the College substantially all the benefits and risks and rewards incidental to 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 as determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss to produce a constant periodic rate of interest on the remaining balance of the liability. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset and assessed for impairment losses in the same way as for owned assets.

The College does not currently have any finance leases.

Operating Leases

All other leases are operating leases and annual rents are charged to comprehensive income on a straight line basis over the term.

Stock

Stock is valued at the lower of cost (using the FIFO method) and net realisable value. Where necessary, provision is made for obsolete and defective items.

Financial instruments

The College has chosen to adopt sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value measured through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially, all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions for 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 the amount of the obligation can be reliably measured.

Where the effect of 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 that reflects the risks specific to the liability. The unwinding of the discount is recognised as finance cost in the Statement of Comprehensive Income in the period it arises.

Agency arrangements

The College acts as an agent in distributing bursary support funds and apprenticeship employer incentive payments from the funding body. Payments received from the funding bodies and subsequent disbursements to students and their employers are excluded from the income and expenditure of the College where the College does not have control over the economic benefit related to the transaction.

2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

- Determine whether leases entered into by the College either as a lessee or as lessor 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.

Critical accounting estimates and assumptions

- Tangible fixed assets

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

- Local Government Pension Scheme

  The present value of the Local Government Pension Scheme (LGPS) 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 24, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. 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.

- Impairment of fixed assets

  The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rate in order to calculate the net present value of those cash flows.

3 Funding Body Grants

	2019	2018
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - Adult	1,446	1,404
Education and Skills Funding Agency - 16-18	10,546	10,294
Education and Skills Funding Agency - Apprenticeships	1,448	1,002
Specific Grants		
Education Skills Funding Agency	322	145
Release of government capital grants	1,077	1,077
Total	**14,839**	**13,922**

4 Tuition Fees and Education Contracts

	2019	2018
	£'000	£'000
Adult education fees	290	324
Apprenticeship fees and contracts	32	13
Fees for FE loan supported courses	408	508
Total tuition fees	730	845
Education contracts	1,696	1,702
Total	**2,426**	**2,547**

5 Other Grants and Contracts

	2019	2018
	£'000	£'000
UK-Based Charities	53	111
European Commission	-	3
Other grants and contracts	237	268
	290	**382**

6 Other Income

	2019 £'000	2018 £'000
Catering income	379	377
Rental, service charge and lease premium	112	113
Trips and materials	108	124
Enhanced pension charge	63	63
Other income generating activities	263	260
Miscellaneous income	127	749
Total	**1,052**	**1,686**

7 Investment Income

	2019 £'000	2018 £'000
Interest receivable	**31**	**15**

8 Restricted Income

	2019 £'000	2018 £'000
Restricted donations	-	**1**

9 Staff Costs

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

		2019	2018
		No.	No.
Teaching staff		180	172
Non-teaching staff		144	148
		324	320
Staff costs for the above persons			
Wages and salaries		9,321	9,095
Social security costs		795	790
Other pension costs (including non-cash pension adjustments of £219,000 debit - 2018 £195,000 debit)	24	1,881	1,783
Movement in UoS enhanced pension debtor		16	25
Payroll sub-total		**12,013**	**11,693**
Contracted out staffing services		28	121
Total Staff Costs		**12,041**	**11,814**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive team which comprises the Principal, Deputy Principal and Vice Principal.

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

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	3	3

9 Staff Costs (continued)

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

	Key Management Personnel		Other Staff (as restated)	
	2019	2018	2019	2018
	No.	No.	No.	No.
£60,001 to £65,000 p.a	-	-	2	3
£70,001 to £75,000 p.a	-	-	1	-
£80,001 to £85,000 p.a	2	2	-	-
£85,001 to £90,000 p.a	1	-	-	-
£130,001 to £135,000 p.a	-	1	-	-
£135,001 to £140,000 p.a	1	-	-	-
	4	3	3	3

Key management personnel emoluments are made up as follows:

	2019	2018
	£'000	£'000
Salaries - gross of salary sacrifice	384	295
Employers NI contributions	48	37
Benefits in kind	2	3
	434	335
Pension contributions	74	58
Total emoluments	**508**	**393**

The above figures include A Pease and M Gill for the full year, even though M Gill left the College on 27/08/18

One member of key management personnel sacrifices £1,380 of salary.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

Accounting Officer	2019	2018
	£'000	£'000
Salaries	135	130
Benefits in kind	2	1
	137	131
Pension contributions	22	21
Total emoluments	**159**	**152**

The remuneration of the accounting officer for 2018-19 was determined on 13 September 2018 by the College's Remuneration Committee. The accounting officer was not involved in setting their pay. The Principal was on a single point, and had no scale for remuneration. The Committee determined that a scale be put in place using the AoC Senior Salary Survey, and that the accounting officer's remuneration be incremented by one point on the scale, based on an evaluation of the performance of the accounting officer. Performance was measured by the committee on how effectively the accounting officer had met their agreed targets.
A simlar approach was used to determine the remuneration of the other key management personnel.

9 Staff Costs (continued)

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents is set out below for both salary and total remuneration. This calculation exludes any contracted out staffing services.

	2019	2018
	No.	No.
Basic salary as a multiple of median basic salary of staff	5.70	5.42
Total remuneraton as a multiple of median total remuneration of staff	5.70	5.27

Compensation for loss of office paid to former key management personnel

There were no compensation payments made in either of years ending 31 July 2019 or 31 July 2018.

Governors' Remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments for the College in respect of their roles as governors.

During the year 1 (2018 - 1) governor with total expenses of £522 (2018 - £340) were paid to or on their behalf in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

10 Other Operating Expenses

	2019 £'000	2018 £'000
Teaching costs	1,841	1,931
Non-teaching costs	1,291	1,231
Premises costs	1,101	1,293
Total	**4,233**	**4,455**

Other operating expenses include:

	2019 £'000	2018 £'000
Auditors' remuneration:		
Financial statements audit	30	30
Risk assurance advisors	22	20
Leasehold premises rental	12	12
Hire of other assets held under operating leases	45	51

11 Interest and other finance costs

		2019 £'000	2018 £'000
On bank loans, overdrafts and other loans:		326	332
		326	332
On provisions made in previous years for early retirements	20	40	41
Net interest on defined pension liability	24	90	147
		456	**520**

12 Taxation

The members do not believe that the College was liable for any corporation tax arising from its activities during either year.

13 Intangible Fixed Assets

	Software £'000	Total £'000
Cost or Valuation		
At 1 August 2018	151	**151**
Additions	9	**9**
As at 31 July 2019	**160**	**160**
Depreciation		
At 1 August 2018	88	**88**
Charge for the year	27	**27**
At 31 July 2019	**115**	**115**
Net book value at 31 July 2019	**45**	**45**
Net book value at 31 July 2018	63	**63**

14 Tangible Fixed Assets

	Land and Buildings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or Valuation				
At 1 August 2018	68,209	8,735	-	**76,944**
Additions	5	320	183	**508**
Disposals	-	(642)	-	**(642)**
At 31 July 2019	**68,214**	**8,413**	**183**	**76,810**
Depreciation				
At 1 August 2018	13,986	6,488	-	**20,474**
Charge for the year	1,622	430	-	**2,052**
Elimination in respect of disposals	-	(596)		**(596)**
At 31 July 2019	**15,608**	**6,322**	**-**	**21,930**
Net book value at 31 July 2019	**52,606**	**2,091**	**183**	**54,880**
Net book value at 31 July 2018	54,223	2,247	-	**56,470**

Land purchases totalling £4,102,305 (2018: £4,102,305) have not been depreciated.

Land and buildings with a net book value of £1,027,592 (2018: £1,027,592) have been financed by exchequer funds. Should these assets be sold, then the College may be liable, under the terms of the Financial Memorandum with the Education and Skills Funding Agency to surrender the proceeds.

15 Investments

	2019 £'000	2018 £'000
Investments in unlisted subsidiary companies	10	10
Total	**10**	**10**

The College owns 100% of the issued share capital of Suffolk Education and Training Services Limited, a company incorporated in England and Wales. The company was dormant throughout the year.

16 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	161	135
Prepayments and accrued income	406	360
Amounts owed by the ESFA	170	156
Other receivables	299	275
Amounts owed by UoS for enhanced pensions	763	779
Total	**1,799**	**1,705**

The amount due from the University of Suffolk (UoS) in respect of enhanced pensions is recoverable after more than 1 year

17 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans and overdrafts	345	334
Trade payables	131	224
Amounts owed to subsidiary undertaking	10	10
Other taxation and social security	221	214
Accruals and deferred income	1,537	1,477
Government grants (capital)	1,033	1,077
Other creditors	237	196
	3,514	**3,532**

Accruals and deferred income include:	2019 £'000	2018 £'000
Holiday pay accrual	312	292
Other accruals	312	276
Income received from ESFA	738	743
Deferred income (inc lease premium)	175	166
	1,537	**1,477**

18 Creditors: amounts falling due after one year

	2019 £'000	2018 £'000
Bank loans	7,439	7,784
Government grants (capital)	28,259	29,292
Lease premium received	1,481	1,518
Total	**37,179**	**38,594**

19 Maturity of debt

	2019	2018
	£'000	£'000
(a) Bank loans and overdrafts		
Bank loans and overdrafts are repayable as follows:		
In one year or less	345	334
Between one and two years	358	345
Between two and five years	1,152	1,112
In five years or more	5,929	6,327
Total	**7,784**	**8,118**

Bank loans totalling £5.847 million are repayable at a fixed rate of 5.10 per cent inclusive of a borrowing margin of 0.35 per cent. This is repayable by quarterly instaments, ending December 2035 and is unsecured.

A further bank loan totalling £1.937 million is repayable at a variable rate of 0.35 per cent above LIBOR. This is repayable by annual instalments ending December 2035 and is also unsecured.

20 Provisions

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2018	(3,004)	(1,730)	**(4,734)**
Utilised in the period	828	134	**962**
Charged to SoCI	(1,137)	(40)	**(1,177)**
Actuarial gain/(loss) recognised in year	(2,251)	(90)	**(2,341)**
At 31 July 2019	**(5,564)**	**(1,726)**	**(7,290)**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 24.

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

	2019	2018
Discount rate	2.00%	2.30%
Price inflation	2.20%	1.30%

Under the terms of the separation agreement between University of Suffolk (UoS) and Suffolk New College, UoS has undertaken to pay on an ongoing basis 50% of the annual cost of the enhanced pension payment back to the College. This amount is recognised as a debtor in these accounts.

21 Financial Instruments

	2019	2018
	£'000	£'000
The College has the following financial instruments:		
Financial assets measured at amortised cost	**630**	**566**
Financial liabilities measured at amortised cost	**8,786**	**9,116**

22 Capital and other commitments

	2019	2018
	£'000	£'000
Commitments contracted for at 31 July	**21**	**17**

23 Lease obligations

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

	2019	2018
Future minimum lease payment due	**£'000**	**£'000**
Land and buildings		
Not later than one year	11	11
Later than one year and not later than five years	44	44
Later than five years	99	110
	154	**165**

24 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 Suffolk Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are multi-employer defined benefit plans.

Total pension cost for the year		**2019**		**2018**
		£'000		**£'000**
Teachers' Pension Scheme:				
contributions paid		864		835
Local Government Pension Scheme:				
Contributions paid	798		753	
FRS 102 (28) charge	219		195	
Charge to the Statement of Comprehensive Income		1,017		948
Enhanced pension charge to the Statement of Comprehensive Income		16		25
Total Pension Cost for Year within Staff Costs		**1,897**		**1,808**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £194,455 (2018: £181,946) were payable to the schemes at 31 July, 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. 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

24 Defined benefit obligations (continued)

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

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

However, legal challenges to the 2015 public sector pension reforms could have a further impact on the scheme, which would have retrospective application.

The pension cost paid to TPS in the year amounted to £864,797 (2018: £835,544)

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Suffolk County Council. The total contributions made for the year ended 31 July 2019 were £969,000, of which employer's contributions totalled £798,000 and employees' contributions totalled £171,000. The agreed contribution rates for future years are 28% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumption

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

	At 31 July 2019	**At 31 July 2018**
Rate of increase in salaries	2.70%	2.70%
Future pensions increases	2.20%	2.20%
Discount rate for scheme liabilities	2.20%	2.90%
Inflation assumption (CPI)	2.20%	2.20%

Commutation

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post April 2008 service.

24 Defined benefit obligations (continued)

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot by reliably estimated and consequently no provision/liability has been recognised.

A recent ruling by the Supreme Court has denied the Government's right to appeal the McCloud (public service pensions age discrimination case) judgement. With this decision, it is understood that the Government's right to appeal is now fully exhausted. Through discussions with auditors, the actuary's approach has been to include an estimate of £90k for the impact of the McCloud judgement in 2018/19 financial statements. This impact has been recognised as a past service cost in the Statement of Comprehensive Income for 2018/19.

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2019	**At 31 July 2018**
Retiring today		
Males	21.30	21.90
Females	23.50	24.40
Retiring in 20 years		
Males	22.30	23.90
Females	24.90	26.40

24 Defined benefit obligations (continued)

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

	Fair Value at 31 July 2019	Fair Value at 31 July 2018
	£'000	£'000
Equity instruments	14,754	16,713
Debt instruments	7,521	7,278
Property	6,364	2,696
Cash	289	270
Fair value of plan assets	**28,928**	**26,957**
Actual return on plan assets	1,792	1,943

The amount included in the statement of financial position in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

		2,019	2,018
		£'000	£'000
Fair value of plan assets		28,928	26,957
Present value of liabilities		(34,038)	(29,513)
Present value of unfunded liabilities		(454)	(448)
Net pensions (liability)	**20**	**(5,564)**	**(3,004)**

24 Defined benefit obligations (continued)

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

	2019	2018
Amounts included in staff costs	**£'000**	**£'000**
Current service cost	(957)	(976)
Past service costs	(90)	-
Total	**(1,047)**	**(976)**

Amounts included in investment income	**2019**	**2018**
	£'000	**£'000**
Net interest expense	(90)	(147)
	(90)	(147)

Amount recognised in Other Comprehensive Income	**2019**	**2018**
	£'000	**£'000**
Return on pension plan assets	1,008	1,245
Experience losses arising on defined benefit obligations	(31)	8
Changes in demographic assumptions	1,745	-
Changes in assumptions underlying the present value of the plan	(4,973)	1,255
Amount recognised in Other Comprehensive Income	**(2,251)**	**2,508**

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	**2019**	**2018**
	£'000	**£'000**
Defined benefit obligations at start of period	29,961	30,046
Current service cost	957	976
Past service cost	90	-
Interest cost	874	845
Contributions by Scheme participants	173	166
Changes in financial assumptions	4,973	(1,255)
Estimated benefits paid	(822)	(809)
Changes in demographic assumptions	(1,745)	-
Other experience adjustments	31	(8)
Defined benefit obligations at end of period	**34,492**	**29,961**

Changes in fair value of plan assets	**2019**	**2018**
	£'000	**£'000**
Fair value of plan assets at start of period	26,957	24,876
Interest on plan assets	784	698
Return on plan assets	1,008	1,245
Employer contributions	828	781
Contributions by scheme participants	173	166
Estimated benefits paid	(822)	(809)
Fair value of plan assets at end of period	**28,928**	**26,957**

25 Related party transactions

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

The College has numerous dealings with Ipswich Borough Council. Several members of the Corporation are members or officers of Ipswich Borough council. All transactions with Ipswich Borough Council are carried out at arms length and in accordance with the College's financial regulations and normal procurement procedures.

The College has dealings with The Association of Colleges (AoC) of which Mrs Viv Gillespie (Principal) is a Director. During the year the College purchased Services to the value of £25,454 (2018: £3,983) and provided services to the value of £4,960 (2018: Nil)

At the year end the AoC owed the College £1,360 (2018: Nil), and the College owed the AoC £10,128 (2018: Nil).

The College has dealings with the University of Suffolk of which Mrs Viv Gillespie (Principal) was a Director of the Company and a Board Member. During the year the College purchased services to the value of £2,196 (2018: £2,909) and provided services to the value of £428,823 (2018: £500,655)

At the end of the year The University of Suffolk owed the College £62,688 (2018: £62,655) and the College owed the University £37,175 (2018: Nil)

The College has dealings with Ben Elvin Planning Consultant Ltd of which Mary Gleave (Vice Principal) is a Spouse of the Director of the company. During the year the College purchased Services to the value of £6,242 (2018: Nil)

At the year end there was no balance outstanding. (2018: Nil)

Transactions under £1,000 in total have been ignored as they are not considered material in relation to Related Party Transactions.

26 Amounts disbursed as agent

Discretionary support funds

	2019 £'000	2018 £'000
Funding body grants - 16-18 bursary	576	484
Funding body grants - Advanced Learner Loan	147	143
	723	627
Disbursed to students	(661)	(539)
Administration costs	(24)	(23)
Balance unspent as at 31 July, included in creditors	**38**	**65**

Employer Incentive Payments

	2019 £'000	2018 £'000
Funding body grants	130	62
Disbursed to Employers	(130)	(62)
Balance unspent as at 31 July, included in creditors	-	-

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

The following pages do not
form part of the
Financial Statements

Suffolk New College

Independent Reporting Accountant's Report on Regularity to the Corporation of Suffolk New College and the Secretary of State for Education acting through the Education and Skills Funding Agency

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 23 November 2017 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Suffolk New College during the period 01 August 2018 to 31 July 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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

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

Responsibilities of Corporation of Suffolk New College for regularity

The Corporation of Suffolk New College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Suffolk New College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the ACoP.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Use of our report

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

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Date 18 December 2019