

Writtle  
University  
College



# Report and Financial Statements Year Ended 31 July 2018







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## GOVERNORS AND ADVISORS

CHANCELLOR  
VICE-CHANCELLOR

The Baroness Jenkin of Kennington  
Professor Tim Middleton

### MEMBERS OF THE BOARD OF GOVERNORS

The members who served on the Governing Body during the year and up to the date of signing these financial statements (who, are also trustees of the exempt charity) are listed below;

	Date of appointment or Resignation	Committees served
Mr Dannii Carr (SU President)	Resigned July 2018	
Mr S Brice	Re-appointed 14 October 2016	Finance & General Purposes Committee
Professor D Church	Re-appointed 14 October 2016	
Mr A Creed	Resigned 28 September 2018	Finance & General Purposes Committee
Ms S Davis (member of staff)	Appointed 14 July 2017	
Mr P Downer	Resigned 16 August 2018	Academic Standards & Quality Enhancement Committee
Mr R Eveleigh	Re-appointed November 2017	Personnel & Remuneration Committee
Mr F Howie	Re-appointed March 2018	Personnel & Remuneration Committee
Mr I Hutton-Jamieson	Appointed 14 November 2014	Audit Committee
Ms P Judd	Resigned October 2018	Chair of Audit Committee
Professor T Middleton (Vice Chancellor)	Appointed 1 August 2017	Finance & General Purposes, Search & Governance
Mr B Morris	Appointed 19 July 2013	Audit Committee
Mr K Moule (member of staff)	Resigned March 2018	Academic Standards & Quality Enhancement Committee
Miss E- J Murray (SU President)	Appointed July 2018	
Mr G Page	Appointed 1 September 2015	Finance & General Purposes Committee
Dr A Perera (member of staff)	Re-appointed 18 March 2016	
Mr A Radford	Re-appointed November 2017	Audit Committee
Mrs J Smith (Chair of Board)	Resigned 1 August 2018	Academic Standards & Quality Enhancement Committee, Personnel & Remuneration Committee Chair of Search & Governance
Mr N Spenceley	Appointed 14 October 2016	Academic Standards & Quality Enhancement Committee
Mr P Swan	Appointed 14 November 2014	
Mr J Swan (Chair of Board)	Appointed 1 January 2017	Appointed Chair of Board 1 August 2018 Chair of Finance & General Purposes Committee until August 2018
Mr P Van Damme	Re-appointed June 2018	Chair of Personnel & Remuneration Committee, Search & Governance Committee
Ms S Walker (nee Aitkin)	Appointed 20 March 2015	
Ms S White	Appointed 16 October 2015	Academic Standards & Quality Enhancement Committee

The Vice-Chair position is shared between the Chairs of Audit, Finance & General Purposes, and Personnel & Remuneration Committees.

### PROFESSIONAL ADVISORS

External Auditors	Deloitte LLP, 3 Victoria Square, Victoria Street, St Albans, United Kingdom, L1 3TF. (appointed June 2016)
Bankers	Barclays Bank plc, 40-41 High Street, Chelmsford, Essex, CM1 1BE.
Internal Auditors	Scrutton Bland, 17 - 19 Museum Street, Ipswich, Suffolk, IP1 1HE. (re-appointed June 2016)
Solicitors	Birkett Long, Essex House, 42 Crouch Street, Colchester, Essex, CO3 3HH. Quantrills Solicitors, The Penninsula Business Centre, Wherstead Street, Wherstead, Ipswich, IP9 2BB (HR Support)

### UNIVERSITY COLLEGE DETAILS

Address	Writtle University College, Lordship Road, Writtle, Chelmsford, Essex CM1 3RR
Telephone	+44 (0)1245 424200
Email	Info@writtle.ac.uk
Website	www.writtle.ac.uk

Copies of the Financial Statements can be obtained from the University College's address above, or downloaded from the website.



## NATURE, OBJECTIVES AND STRATEGIES

The members of the Board of Governors present their report and the audited financial statements for the year ended 31 July 2018.

### Legal Status

Writtle University College (WUC) was awarded taught degree awarding powers in 2016, having gained University College title in the same year.

The University College has one wholly owned subsidiary company, Writtle College Services Ltd which is currently dormant.

### Vision and Mission

WUC's Strategic Vision is "A distinctive place to study and to serve the environment through science and the arts. Recognised for the quality of our specialist education locally, regionally, nationally and internationally".

In order to achieve this vision, the University College mission is "Transforming lives and the environment through inspiring education". Underpinning this are core values and ambitious plans. Realisation of our ambitions will propel us to be:

- An outstanding Higher Education provider.
- An outstanding Further Education provider.
- A high quality diverse community of international acclaim.
- A business partner of choice.

To achieve these goals, a number of enabling strategies have been developed for Higher Education, Further Education, Human Resources, Estates, Marketing, IS&T, Research and Business & Financial.

During 2017/18 the University College undertook a major restructure. In 2018/19 a new strategic plan will be developed following the outcomes of the strategic options review the Board set in train during summer 2018.

### Financial Objectives

The overall financial objective remains to achieve and to maintain a robust and stable financial position, a bedrock on which the University College can be confident of achieving its educational aspirations. The four key strategic themes identified are:

- Quality of Financial and Management information.
- Revenue maximisation, including grant funding and third-stream income.
- Cost savings and efficiencies.
- University College structure and investment strategy.

These priorities have been agreed for the 2018/19 year and the outputs will be regularly measured.

## FINANCIAL POSITION

### Summary Financial Results

Please find below a summary of the financial results with prior year comparatives.

	2017/18	2016/17
	£k	£k
Income	16,759	17,351
Expenditure	19,034	18,286
<b>(Deficit) before other gains and losses</b>	<b>(2,275)</b>	<b>(935)</b>
Gain on disposal of fixed assets	1,470	585
<b>(Deficit)</b>	<b>(805)</b>	<b>(350)</b>
Actuarial gain in respect of pension scheme	4,270	769
<b>Total comprehensive income for the year</b>	<b>3,465</b>	<b>419</b>

### Total Comprehensive Income for the Year

The University College has reported an operating deficit of £2.3m in 2017/18 (2016/17: -£0.9m operating deficit). The total comprehensive income for 2017/18 was a surplus of £3.5m (2016/17: total comprehensive income surplus of £0.4m). The total comprehensive surplus includes a £4.3m actuarial gain arising in respect of the Local Government Pension Scheme (2016/17 - gain of £0.8m), due to the increased value of the University College assets in the scheme, and a £1.5m gain on the disposal of fixed assets (2016/17 - gain of £0.6m).

### Income

Total income of £16.7m was 3% lower than the prior year, largely because of a demographic downturn in learners aged 16-18 years old and stronger competition from schools seeking to retain them in their own sixth forms which reduced Education & Skills Funding Agency (ESFA) income by £0.7m (14%) compared to the prior year.

HE fees account for 87% (2016/17 86%) of fee income and 41% (2016/17 37%) of total income, whereas FE fees account for only 13% (2016/17 14%) of fee income and 6% (2016/17 6%) of total income, with the core 16-18 provision directly funded by the EFSA. Full time HE tuition fees increased by inflation to £9,250 in 2017/18, with HE fee income rising by £0.2m that year.

HE funding body grants of £1.3m account for 23% of government funding and 8% of total income, whereas FE funding body grants of £4.3m account for 77% of government funding and 26% of total income.

## Expenditure

Total expenditure was £19m in 2017/18, £0.7m (4%) more than the prior year of £18.3m.

Staff costs were £11m including £0.3m compulsory redundancy, an increase of £0.2m (1.5%) from the prior year (2016/17 - £10.8m staff costs including £0.5m voluntary redundancy). Staff costs excluding redundancy as a proportion of the University College's total income increased to 64% in 2017/18. With inflationary and incremental pay and pension increases, it has been a challenge to manage staff costs any lower without jeopardising the student experience.

A Strategic Change programme and a compulsory redundancy process was introduced in March 2018 aimed at delivering staff cost efficiencies of around £1.5m from 2018/19. Whilst staff costs were realised through the compulsory redundancy programme, the need to enable growth and maintain and further improve the student experience resulted in key posts being retained and a number of new Access and Participation positions being introduced.

Non-pay operating expenses was £6.1m in 2017/18, £0.4m (9%) more than the prior year of £5.6m. Despite inflationary pressure, non-pay expenditure was managed carefully with underspends compared to budget in many areas although there was a higher than budget level of expenditure necessary to address a backlog of Estates work, a new health and safety management plan and consultancy costs relating to OfS registration. WUC incurred a £250k penalty in 2017/18 due to a historic Access Agreement breach identified by the University College in year and reported to the OfS, with commensurate reductions in its HE funding body grant spread over the three years 2019/20 to 2021/22.

## Balance Sheet

Total net assets have increased by the retained surplus of £3.5m (17%) to £23.3m (2016/17 £19.9m) as at 31 July 2018.

The University College invested £2.8m in fixed asset additions to improve the student experience in 2017/18, split between £1.2m on buildings and £1.6m on equipment, and sold Daws Farm for £1.7m. Major capital projects included the completion of the Equine development at Cow Watering Campus £1.2m, refurbishment of the Watering Hole £67k, a new Building Management System £60k, new doors and windows in the Garden Room restaurant to improve energy efficiency £75k, a new computer server £82k and secure door access system £77k.

The cash position reduced from £5.3m at the start of the year to £3m as at 31 July 2018, largely due to the £1.6m additional repayment of a loan in December 2017 to reduce interest repayments to the bank.

Total borrowing has reduced to £2.4m compared to £4.1m at the start of the year and includes a £2m interest only loan payable in December 2020. In the longer term the University College will review its borrowing requirements as the pre-existing loan arrangements come to an end in 2020/21.

The University College has a Local Government Pension Scheme liability of £12.4m as at 31 July 2018, £3.1m better than the prior year due to actuarial gains on the market value of assets (£2.8m improvement) and a reduction in the actuarial value of liabilities (£0.3m improvement).

The University College has total reserves of £23.3m as at 31 July 2018 comprising an Income and Expenditure reserve of £2m and a Revaluation Reserve of £21.3m.

## Cash Flow and Liquidity

The University College's operation generate cash flows in and out of the business: inflows from fees, grants and services; outflows from payments to staff, students and suppliers. In 2017/18 this resulted in a net inflow from operating activities of £0.5m (2016/17 £1m). The net impact of the cash inflows and outflows in 2017/18 was £2.3m cash outflow (2016/17 £0.8m), as outflows on capital expenditure and financing activities, exceeded the inflows on operating activities. This included spending £2.8m on capital expenditure and making an additional loan repayment of £1.6m, offset against sale of assets for £1.7m. Longer term the University College needs to review its borrowing requirements as the pre-existing loan arrangements end in 2020/21.

It is the policy of the University College to obtain the best terms for all purchases, therefore supplier terms may vary according to the individual agreement. WUC's normal terms of payment are within 30 days of the end of the month in which the invoice is received.

## Outlook

As a mixed Higher and Further Education economy the University College is dependent on strong levels of student recruitment in each area and is exposed both to Government funding constraints in the HE and FE sectors. The Government's review of post-18 education and funding announced in February 2018 could have an impact on future funding levels and the University College will adapt its financial strategy once outcomes are known. With relatively fixed costs of teaching and high estate overheads the revenue generated by each additional student recruited goes straight through to the bottom line, making student numbers critical to future financial stability.

Whilst the financial health of the HE sector as a whole is sound, the trajectory is a weakened position for many with reduced UCAS applications for 2018 entry. What becomes increasingly clear is that in an ever more competitive market there is a widening gap between the winners and the losers. WUC recognises that it needs to respond proactively to this market pressure, to capitalise on its areas of expertise, expand and modernise its curriculum offer and work to strengthen its NSS position to align with benchmarked competitors and enhance student outcomes in terms of progression to professional and managerial job roles and business start-ups.

The University College is not a recipient of Institute Specific Funding and as such there is a real challenge to deliver a land-based curriculum, which is proven to be more expensive to deliver, in direct competition with institutions that are in receipt of this funding. It is a credit to the University College that it has been largely self-sufficient in terms of major capital investment over recent years.

For 2018/19, the University College has recruited around 2% less HE students than budget, though with increased investment in access, participation and the student experience it is anticipated that a higher number will be retained to complete their studies. WUC has seen some decline in students returning into second and third years for a variety of reasons, including the decision by some to revert from a three year undergraduate



course to a one year qualification if the job opportunity is there. There remain concerns about the level of HE recruitment generally with a limited national pool of students electing to pursue agriculture and horticulture at degree level. In response to this the University College recognises the need to broaden its offer but without losing sight of its specialism and its established networks as a land-based provider. WUC is well-placed to build on its success with vocational apprenticeships and is looking to develop higher level apprenticeships, starting with one in horticultural management.

International students represent around 5% of HE student numbers and whilst there are pockets of International HE recruitment, this is not as strong as it could be and is seen as a potential opportunity with the correct international marketing strategy in place. EU student numbers are low and whilst this is arguably a missed opportunity, the University College is not unduly exposed in terms of Brexit. Indeed, on a broader note, there could be an opportunity with increased demand for a highly trained home-grown labour force to support the Government's Industrial Strategy and locally, the Essex Rural Strategy.

The FE market is regional and WUC has a respected reputation assessed as 'good' by Ofsted in 2017/18 and offers what is arguably a more stimulating learner environment within a HE dynamic. Unfortunately, with a declining demographic trend and stronger competition from schools seeking to retain learners in the sixth form, the University College has seen a further reduction in student numbers in the core 16-18 age group and lower numbers in 2016/17 resulted in reduced funding in 2017/18. Recruitment of 16-18 year olds in 2018/19 is in line with 2017/18 and will therefore not have the impact on the core funding for 2019/20 on a lagged funding model as we experienced in 2017/18. For Adult learners 2018/19 recruitment is currently down when compared to 2017/18 however planned in year recruitment will go some way in narrowing this recruitment gap. For 2017/18 there were 769 funded FE students, including 542 core 16-18 year olds and a further 1,921 commercially funded students.

In conjunction with increasing student numbers in HE and FE, WUC must look to make further efficiency savings and to secure diversified commercial income streams.

### Post Balance Sheet Events

A High Court judgement has been made in October 2018 in regards to Guaranteed Minimum Pension contributions, which means the local government pension scheme is required to adopt a method to equalise benefits between men and woman. See note 20.

### Going Concern

After making appropriate enquiries and with reference to the more detailed narrative in the 'Financial Position' section, the Board of Governors considers that the University 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.

In making an assessment of its ability to continue to adopt the going concern basis of accounting using FRS102, the University College has considered a period of twelve months from the date the financial statements are authorised for issue. Accounting guidance does not specify a maximum period that should be considered by organisations as part of this assessment, rather this is a matter for judgement.

Over the majority of the six-year period between 2010/11 to 2015/16 WUC delivered an operating surplus, except in 2012/13 when HE recruitment dipped upon the introduction of the higher tuition fee regime. For the year ended 31 July 2017, WUC reported an operating deficit of £0.9m (before a land sale gain of £0.6m and an actuarial profit of £0.8m to give a retained surplus of £0.4m) whilst for the year ended 31 July 2018, WUC reported an operating deficit of £2.3m (before a land sale gain of £1.5m and an actuarial profit of £4.3m resulting in total comprehensive income of £3.5m). 2016/17 included exceptional restructuring costs of £0.5m incurred through a voluntary redundancy process and 2017/18 included exceptional restructuring costs of £0.3m incurred through a compulsory redundancy process.

Whilst staff costs savings were realised through the compulsory redundancy process introduced in March 2018 and completed in 2017/18, the need to enable growth, maintain and further improve the student experience resulted in key posts being retained and a number of new Access and Participation positions being introduced. This measure alone is not sufficient to address the deficit position and, reluctantly, WUC has had to submit to the Office for Students a deficit forecast at operating level for 2018/19. This 2018/19 forecast is supported by a robust Financial Recovery Plan, and the University College is in the process of introducing more rigorous budgetary management and control arrangements (see further details in the Internal Control section of this report on page 28).

For 2018/19, the University College has recruited around 2% less HE students than budget though with increased investment in access, participation and the student experience it is hoped that a higher proportion will be retained to complete their studies.

The FE market is regional and WUC has a respected reputation assessed as 'Good' by Ofsted in March 2018 and offers what is arguably a more stimulating learner environment within a HE dynamic. Unfortunately, with a declining demographic trend and stronger competition from schools seeking to retain learners in the sixth form recruitment of 16-18 year olds in 2018/19 is in line with 2017/18 and will therefore not have the impact on the core funding for 2019/20 on a lagged funding model as we experienced in 2017/18. For Adult learners 2018/19 recruitment is currently down when compared to 2017/18 however planned in year recruitment will go some way in narrowing this recruitment gap. For 2017/18 there were 769 funded FE students, including 542 core 16-18 year olds and a further 1,921 commercially funded students.

WUC are vigilant of the challenging external environment it operates within and consider the inherent risks, both opportunities and threats, regularly at Executive (standing item at its new Leadership Group) and Non-Executive (Audit, Risk & Compliance Committee and Board of Governors) level. The University College has simplified the format of its Risk Register to maximise awareness and understanding and its ability to react appropriately.

In assessing going concern, the University College has had regard to the principal risks and uncertainties that are set out on page 14, specifically in relation to the risk of not meeting regulatory body requirements; the risk of not achieving our planned student number growth; the risk of breaching loan covenants; and the risk associated with uncertainties regarding future levels of

funding. Whilst we consider these to be principal risks to the University College, we do not consider them to be material uncertainties over whether or not the University College is a going concern for the next 12 months from the date of approval of these financial statements.

This is because, with net assets of £23.3m for the year ended 31 July 2018 and a 220 hectare site, the University College is asset rich and at £2.4m has a relatively low level of bank debt. Following a £1.6m repayment of a bank loan in December 2017, WUC is in early discussions with its bank to consider the possibility of a £0.5m overdraft facility and the replacement of its outstanding £2m loan beyond December 2020 with a much more flexible Revolving Credit Facility. At £3m at 31 July 2018 the cash position remains reasonably strong and WUC does not anticipate any issues in continuing to meet its loan repayment obligations and other financial commitments as they fall due within 12 months from the date of approval of these financial statements.

In common with a number of other HE providers, the University College is awaiting a decision on registration with the OfS and, under the terms of the new regulatory framework for higher education, from academic year 2019/20 registration is required for an institution's students to access the student support system, and for the institution to hold a Tier 4 sponsor licence. In the unlikely event that WUC is not registered, the University College's asset base and low level of borrowing means that it would be able to meet its commitments as they fall due in the next 12 months from the date of approval of these financial statements.

## RISK MANAGEMENT

### Principal Risks and Uncertainties

#### The risk of not meeting regulatory body requirements

Like some other Higher Education Institutions, the University College's application to register with the Office for Students (OfS) is in progress. During 2017/18, the management of the University College identified areas of potential improvement in controls, governance and financial planning and monitoring, which are set out within the statement of internal control on page 28. The OfS has agreed with the University College that these are areas that should be strengthened and have asked for additional information regarding these planned improvements, along with a comprehensive financial and operational strategy, prior to finalising the registration process for the University College. Management of the University College have developed a detailed action plan in these areas and, in light of the deteriorating financial performance in 2017/18 and the increasing challenges and uncertainties facing the whole sector, have in particular invested time in assessing the University College's strategic options and associated financial plans to ensure the long term financial sustainability of the institution. Following considerable engagement, review, and robust challenge of those plans by management and the board of governors, the University College is confident that it will be registered by the OfS in 2019 and that the planned developments will secure the long term success and financial sustainability of the institution. However, at this time, as the registration has not yet been confirmed by the OfS, the University College remains of the view that this is a principal risk as the impact of not receiving registration would be significant (under the terms of the new regulatory framework for higher education, from 2019/20 academic year registration is required for an institution's future

higher education students to access the student support system, and for the institution to hold a Tier 4 sponsor licence).

#### The risk of not achieving our planned student number growth

Along with many tertiary education providers, the major risks faced by the University College remain student recruitment and in HE, retention and graduate outcomes. The University College has put in place a new approach for recruitment and marketing which provides a more attentive and responsive way of managing applications from enquiry to enrolment. We have strengthened our student support teams with additional staffing in the Wellbeing Team and a new HE Centre for Student Success which will be fully operational from January 2019. In both FE and HE we are taking a more targeted approach to our Schools and College liaison work. The quality of our programmes in FE was reconfirmed through March 2018's Ofsted inspection in which WUC were again graded as 'good'. In HE our National Student Satisfaction survey results saw across the board increases in satisfaction, including a 9% rise on overall satisfaction, although this continues to be an area that we are focused on improving. Our HE graduates have continued to find professional and managerial employment in growing numbers and the new HE Student Success Team will work with students, academics, alumni and business to further enhance graduate opportunities.

#### The risk of breaching loan covenants

The bank loan agreement held by the University College includes covenant conditions relating to the financial performance of the University College. As a result of the projected operating deficit for 2018/19, the University College considers there to be a risk of a covenant breach at the end of the 2018/19 financial year. The University College is taking, and will continue to take, mitigating actions regarding this risk, those mitigating actions include the strengthening of financial planning, forecasting and monitoring arrangements, as well as a regular dialogue with the bank. Whilst the University College considers this to be a risk, it also considers the likelihood of the bank recalling the loan on demand to be very low. Furthermore, in the event that the bank did elect to recall the loan, the University College has reviewed its forecast financial position and concluded that it would have sufficient resources to repay the outstanding balance.

#### The risk associated with uncertainties regarding future levels of funding

Following the Government's review of post-18 education and funding announced in February 2018, there is uncertainty over the future level of fees to be charged to students in the medium to long term. Whilst the outcome of this review is not yet known, should it result in changes in the funding structure and fee levels of higher education students, this could have significant implications for the levels of funding received by the University College and in turn, its financial viability. Again, this is an area of risk and uncertainty for the institution and the sector as a whole and the enhancements that the University College is making to its governance, control, financial planning and modelling arrangements will contribute to the mitigation of this risk



## HIGHER EDUCATION

### Student Numbers

Completing the 2017/18 year, WUC had 743 HE students (FTEs) (2016/17 - 714). Of these 59 FTEs (2016/17 - 60) were international students. The majority were enrolled on undergraduate programmes, principally BSc, BA and Integrated Masters awards but also Foundation degrees, Higher Diplomas and Certificates. There were 53 FTEs (2016/17 - 53) on taught post-graduate (PGT) programmes and 20 FTEs (2016/17- 13) on postgraduate research programmes (PGR).

### Student Achievement

For the academic year 2017/18 Writtle University College students achieved the following awards:

- 163 Bachelor degrees
- 19 Integrated Masters degrees
- 12 Foundation degrees
- 26 Diplomas of Higher Education
- 37 Certificates of Higher Education
- 34 Masters' degrees (this figure is from last year as we have not yet awarded the 2017-18 Long PGT Masters at this point in time)
- 9 Other postgraduate awards.

### Student Success

All our students who achieve the awards they set out to study are successes in their own right and we enjoy celebrating their success with their family and friends at our annual HE and FE graduation ceremonies.

Every year we can cite examples of students who also achieved national distinction and in 2017/18 we celebrated the following:

- Four garden design graduates have made a prestigious list of "30 Under 30" put together by a leading industry magazine Pro-Landscaper. Inez Williams, Sam Moore, Adam Newson and Will Innes-Taylor have been named in Pro-Landscaper's 30 Under 30 list and are winners in its competition to find the Next Generation of industry leaders. Two of the winners, Sam and Adam only graduated this year and decided to study a degree in Landscape and Garden Design at WUC after gaining a Level 3 Extended Diploma in Horticulture. Whilst Further Education students, they were both part of WUC's winning Young Gardeners of the Year team 2015 and, as degree students, they produced work for an RHS collaborative project celebrating the life of 18th Century garden designer Humphry Repton, which is now on tour of RHS gardens in the UK.
- Caitlyn Cuthbert, who graduated this year with a BSc (Hons) Equine Behavioural Science, has been shortlisted as a finalist for the British Equestrian Trade Association's Equine Thesis of the Year competition. In September 2018, she presented her research - entitled The Effect of Isolation on Equine Behaviour, Heart Rate and Heart Variability while exercised on a Horse Walker - at the International Society of Equitation Science's annual conference in Rome. Caitlyn will attend a special reception at De Vere Staverton Estate, Northampton, to present her research to a panel of expert judges. The winner receives a cash prize and a trophy.

- Level 3 Horticulture students designed an award-winning garden at the new Royal Ascot Flower show held at the Royal Ascot Racecourse. The students successfully arranged sponsorship for materials and plants which was judged by leading industry names to achieve an amazing Silver Gilt medal.

### Curriculum Developments

In September 2017, the Institution welcomed its first intake of students who will graduate with a Writtle University College award following successful accreditation of taught degree awarding powers.

External Examiners' reports attest to the currency and rigor of our courses, the maintenance of academic standards, the soundness of learning opportunities, and the suitability of our specialist resources, with many aspects of good practice noted.

For those students who study with us on a University of Essex award, as in previous years, WUC continues to work closely with the University of Essex to achieve the annual cycle of events and procedures that comprises our Quality Assurance and Enhancement process.

### Canine Therapy

During 2017/18 we launched a new Canine Therapy degree enabling students to gain the skills needed to provide therapeutic treatments to all kinds of dogs. Career paths in the industry are becoming more attractive due to the growing popularity of hydrotherapy and massage therapy among owners and veterinary practices - and the associated increase in demand for suitably qualified practitioners. The course offers a balance of academic and vocational study, with students able to gain a degree plus embedded qualifications in hydrotherapy and massage therapy through professional placements. Students will be based at the University College's new Canine Therapy Centre and will use its industry-standard technology, including a hydrotherapy pool and underwater treadmill.

Over the three years of full-time study, students will be able to develop an advanced academic knowledge of the canine both in health and disease, apply diagnostic techniques, evaluate normal and abnormal movement patterns and compensatory mechanisms, work on real-life case studies and devise structured care plans, as well as developing the necessary business skills needed for self-employment. This is an interesting and growing industry that offers excellent opportunities to those who have become specialist practitioners. A 2013 report from Lantra - the awarding body for land-based qualifications - identified approximately 8.5m dogs housed in 25% of all households. This course is an exciting addition to our portfolio of animal rehabilitation programmes that offers students the opportunity to gain both a degree and vocational qualifications so they are ready for employment on successful graduation. We welcomed our first cohort in September 2018.

### Portfolio Changes

During 2017/18 the University College announced plans to suspend recruitment to HE programmes in Art & Design, Floristry and Global Ecosystem Management. The design based programmes will be relaunched for 2019/20 with closer links ensuring an enhanced student experience and greater use of the resources of the University College's green estate. Our work in sustainability will be woven into the planned revised degrees in Food and Farming that course teams are developing for 2019/20 entry.

## National Student Satisfaction Survey

Writtle University College saw a significant increase in overall student satisfaction in the 2018 National Student Survey (NSS). The final year undergraduates taught at the University College have also recorded increased levels of satisfaction in every area of the survey of students' experiences, compared to last year.

The NSS is an annual, anonymous survey that asks a series of questions to all final year undergraduate students across the UK. This year the overall student satisfaction score was 80%, compared to 71% last year.

In every area - the teaching on courses, the learning opportunities, assessment & feedback, academic support, organisation & management, learning resources, the learning community and the student voice - there have been good improvements in levels of student satisfaction.

The undergraduate programmes in Agriculture (92%) and Veterinary Physiotherapy (96%) were the highest performing courses at the University College in terms of overall student satisfaction in 2018.

The University College took significant steps to improve student satisfaction over the last year, including a major investment in a new Higher Education Study Hub. We will be taking further action during 2018/19 in order to continue to improve student satisfaction over the next 12 months and beyond so that students have the best possible experience.

## FURTHER EDUCATION

The FE market is regional and WUC has a respected reputation assessed as 'good' by Ofsted in 2017/18 and offers what is arguably a more stimulating learner environment within a HE dynamic. Unfortunately, with a declining demographic trend and stronger competition from schools seeking to retain learners in the sixth form, the University College has seen a further reduction in student numbers in the core 16-18 age group and lower numbers in 2016/17 resulted in reduced funding in 2017/18. Recruitment of 16-18 year olds in 2018/19 is in line with 2017/18 and will therefore not have the impact on the core funding for 2019/20 on a lagged funding model as we experienced in 2017/18.

### Student Numbers

For 2017/18 there were 769 funded FE students, including 542 core 16-18 year olds and a further 1,921 commercially funded students.

### Quality Improvement

The FE Division continues to improve and was awarded a 'good' rating during the March 2018 Ofsted inspection. The report concluded that the students "receive very good support from teachers and assessors to help them be successful in their chosen subject". The report concluded with the following:

- Students and apprentices make good progress towards achieving qualifications in English and Maths;
- Students receive good quality feedback from their teachers on their work that helps them improve assignments and achieve higher grades;
- Students and apprentices develop very high standards of practical skills as a result of high-quality work experience placements or training at work; and
- Students exemplify the British values of respect, tolerance and democracy in their everyday lives at the University College.

## RESOURCES

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

### The Estate & Estate Strategy

Tangible resources include the main University College campus which covers some 220 hectares, encompassing 31,000 metres squared of floor space to deliver and support its academic provision. The University College has residential accommodation on campus for 400 students, as well as a number of residential properties.

During 2017/18 the University College agreed to review its Estate Master Plan to better align with the institution's strategic objectives and the emerging local plan for Chelmsford. This work has highlighted significant potential opportunities to extend and grow leisure use of our site, maximising the benefit of our resources for the wider community through income generating student led business. We also identified opportunities to work more closely with businesses in sectors relating to our portfolio. This work is now being developed by the Leadership Group.

### Equine Campus

A notable event in 2017/18 relating to our Estate was the March 2018 showcase which unveiled the new equine facilities and resources which have been brought onto one site at our Cow Watering Campus. The £2m investment creates the first phase of what will become a regional hub for equine teaching, business and research, the campus offers a Stud facility, extended outdoor ménage, therapy barns, oval horsewalker, DIY stables and an indoor school along with the existing equine water treadmill, solarium and indoor riding arenas. The investment enhances the student experience by enabling all practical sessions to be carried out in one site, whether it is using breeding horses or young stock, the therapy units or the riding facilities.

The Equine Showcase in March 2018 offered interactive workshops across a broad spectrum of our equine disciplines and the public enjoyed watching live demos from staff, students and industry representatives. Visitors gained first-hand experience of our equine courses and the cutting-edge, professional and dynamic equine work that happens here, from equine breeding to enhancing the rider's performance, horse anatomy to massage therapy, equine behaviour to the use of the very latest technology and research. WUC has a fantastic track record in equine breeding. The Stud won a British Eventing Breeders' medal this year for the leading British-bred horse in the Eventing Five Year Old Championships. The Stud also produced the Reserve Champion showjumper at the British Equestrian Federation's Futurity Championships 2017. The champion Riding Horse at the Horse of the Year Show in 2016 and 2017 was also born at the University College.

### People

On average during 2017/18 the University College employed 255 members of staff, expressed as full-time equivalents (FTEs). This represents a slight reduction on the previous year when there were 261 FTEs. Included within the total are 168 Academic/ Academic Support staff members (2016/17 - 165).







## STAKEHOLDER RELATIONSHIPS

In line with other Universities and Colleges, WUC has many stakeholders. These include;

- Students and their families
- Staff
- The regional community and regional employers
- Local Authorities/LEP
- ESFA/OfS
- Professional & Representative bodies (e.g. GuildHE, UCEA and Landex)
- Other HE and FE institutions
- Trades unions

The University College recognises the importance of these relationships and engages in regular communication with them.

### Value for Money

WUC remains a strong advocate of the principles of value for money and joined the Southern Universities Procurement Consortium in August 2018. The over-riding principle that is applied at WUC is 'to make the best use of the resources available in order to achieve the desired outcome and maximise the benefit achieved from that output'.

### Key Performance Indicators

Through the year the Board routinely receives updates on key performance indicators relevant to its FE and HE provision. This includes a range of externally-benchmarked metrics such as student retention, satisfaction, achievement and progression rates to employment/further study, as well financial lead indicators such as applications, offers and enrolments. The Board has received and considered WUC's metrics in the Teaching Excellence Framework (TEF) for example.

Work is now underway to develop a new KPI dashboard aligned with the University College's strategic priorities and its corporate Risk Register. The new dashboard will include FE and HE performance targets and the data needed by governors to monitor in-year performance. It will also include indicators relating to staff satisfaction and retention. The dashboard will be informed by the Financial Recovery Plan and the ongoing strategic options review.

### Equality and Diversity

Equality at WUC means that everyone is treated fairly. The University College believes Equality and Diversity are central to achieving the goals set out in the University College's Strategic Plan, whilst enhancing its cultural profile and labour demographic.

Diversity at WUC means recognising that everyone is different, respecting and encouraging these differences and valuing the benefits diversity brings.

The University College is committed to maintaining its excellent record in teaching and learning by ensuring there is equality of opportunity for all, fostered in an environment of mutual respect and dignity. WUC recognises that the promotion of equality is the concern of all members of the University College's community; all staff and students.

The University College is careful to ensure that due consideration is given to the potential impacts on equality and diversity of its policies and actions. WUC's Equality Policy and Single Equality Action Plan are available on the website ([www.writtle.ac.uk/Equality-and-Diversity](http://www.writtle.ac.uk/Equality-and-Diversity)).

### Disability Statement

The University College works hard to ensure that disabled people are involved in all aspects of the University College's work and life. The Disability Equality Scheme and associated action plan can be found published on the WUC website, under the Single Equality Scheme. ([www.writtle.ac.uk/Equality-and-Diversity](http://www.writtle.ac.uk/Equality-and-Diversity)).

The Equality and Diversity Group includes at least one disabled member and the Student Union representative is in close contact with disabled students.

Counselling and welfare services are described in the University College Student Handbook, which is issued to new students during their induction.

The University College's Learning Support department seeks to promote the general well-being of students, parents and staff by providing practical help and guidance and by ensuring they have access to a full range of support services which include:

- Identifying, co-ordinating and providing study support for students with learning difficulties such as dyslexia
- Co-ordinating and providing support for students with disabilities
- Providing staff and students with the necessary information and skills to ensure they foster full engagement with the curriculum
- Providing a confidential counselling service.

WUC endeavours to provide specialist equipment, such as radio aids/loops, made readily available for use by students, staff or visitors. In addition some assistive technology is made available to those with learning difficulties/disabilities.

The admissions policy is non-discriminatory. Any appeals against a decision not to offer a place are dealt with through a complaints procedure.



## HEALTH AND SAFETY

The University College's working procedures and practices have been progressively developed since the Health and Safety at Work Act 1974 and the provisions in the legislation now permeate all aspects of the University College's activities.

The University College has a full-time Health & Safety Officer to oversee and advise on all matters relating to Health and Safety across all of WUC's various activities. The post holder reports directly to the Vice-Chancellor. All Health and Safety meetings are attended by a representative member of the Board of Governors and chaired by the Vice-Chancellor.

## STAFF AND STUDENT INVOLVEMENT

The University College considers good communication with its staff and students to be paramount and to this end constantly reviews its communications processes. During 2017/18 WUC piloted a thematic agenda approach to Senior Leadership Team meetings and extended membership of the University College's Executive Group. Whilst this brought many more staff into leadership and management discussions it created additional meetings which, following review, we have streamlined for 2018/19 by the creation of a University College Leadership Group with representatives from senior management across all areas of WUC's operations.

Students are represented at all levels in the WUC committee structure, including on the Board of Governors, Academic Board, Education Committee and Equality & Diversity Committee. Representatives from the WUC Students' Union are also invited to the University College Leadership Forum. WUC have built on the successful FE Student Council for 2018/19 by adding an HE Student Council chaired by the Head of School with the Student Experience portfolio.

During 2017/18 our Student Union made good steps forward in working with the NUS nationally and via GuildHE to develop the ways in which it works to act as

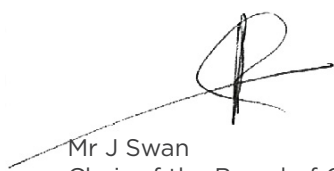
an effective representative body for our students. The VC continues to meet regularly with the SU President, Manager and Sabbatical Officer, this ensures student needs can be reviewed and acted upon quickly. This is illustrated by the agreement to install an Amazon Locker on campus for 2018/19 to address student demand.

## CONCLUSION

WUC has again been well served during the year by its teaching and professional staff teams and well supported by its students. Relationships with our external stakeholders continue to strengthen. Whilst it is dealing with a very challenging recruitment environment it has set in train both new programmes and an enhanced recruitment process that will ensure it maximises recruitment in future years.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The members of the Board of Governors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the members of the Board of Governors has confirmed that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that it has been communicated to the auditor.

  
Mr J Swan  
Chair of the Board of Governors  
Date 30<sup>th</sup> November 2018





## HIGHLIGHTS FROM THE YEAR

### August 2017 to July 2018



Writtle  
University  
College



## RATINGS

- WUC were awarded a 'good' Ofsted grade for the second consecutive inspection, with the report saying that students "receive very good support from teachers and assessors to help them be successful in their chosen subject".
- Our National Student Survey 2018 results saw increases in overall satisfaction in every area with 80% of our final year undergraduates in 2017 agreeing that, overall, they were satisfied with their course.
- 91% of our full-time degree students who graduated in September 2017 were in employment and/or further study after six months, Higher Education Statistics Agency figures showed.



- Design undergraduates collaborated with RHS Libraries on a project celebrating the work of influential 18th Century landscape designer Humphry Repton.
- BSc (Hons) Equine Sports Therapy and Rehabilitation student Sheena Nobili (pictured) won gold in the British Universities & Colleges Sport (BUCS) Boxing Championships.
- Further Education Sport student Bryony Smith won the British International Karate Open Kata and Kumite competitions in her categories.
- Our Further Education Floristry student Seur Kee Cho was awarded first prize in her class at The National Flower Show at Hylands House.
- MA Garden design student Jiyeon Kim won a silver medal and the People's Choice Award at the Seoul Garden Show in South Korea.
- Postgraduate Eunjung Jun's design for a garden at a training centre for people with special education needs was shortlisted for an award from the Society of Garden Designers.
- We won a national college competition to create a floor-standing floral screen at FleurEx.
- Our Further Education students won Silver Gilt in the Young Gardeners of the Year - the inter-College competition run by TV gardener David Domoney.



## ALUMNI SUCCESSES

- Ellis Martin (pictured), BA (Hons) Contemporary Art and Design alumna, worked on a major fundraising campaign for Battersea Arts Centre (BAC) - supported by Turner Prize-winning artist Grayson Perry.
- A hospital garden for people with dementia - which was designed by MA in Garden Design alumna Tamae Isomura - was unveiled at Broomfield Hospital, Chelmsford.
- Alumna Marion Sidebottom held her final exhibition as Artist-in-Residence in Epping Forest.
- Alumnus Paul Griffiths, Head of Operations at the Mary Rose Trust and Managing Director of Mary Rose Trading, was awarded an Honorary Degree of Doctor of Business by Solent University.



## NEW FACILITIES

- We invested £2m in our equine facilities, including a Stud, extended outdoor menage, a second therapy barn, oval horsewalker, DIY stables and an indoor school.
- We opened a contemporary Higher Education Study Hub (pictured), equipped with a range of modern equipment and resources for quiet study and group learning.
- We further enhanced our specialist canine facilities by building day-boarding kennels on-campus.





## SHARING KNOWLEDGE

- The partnership with JAMK University in Finland and Fontys International Business School in the Netherlands gives students the opportunity to learn from the specialist teaching and business links in each country in a project focused on bringing a new agricultural product to market.
- WUC's equine experts joined up with the National University of Lesotho (NUL) and World Horse Welfare to help improve and develop the curriculum in the southern African country.
- WUC's partnership with the elite cycling team OnForm has produced fantastic results in its first year with a stack of high-profile wins.
- WUC are part of a leading project to grow the East of England economy by encouraging collaboration between universities and businesses.
- WUC academics shared research into sustainable crop production with a group of molecular genetic engineering and applied biology students from South Korea.
- Equine students presented their research to the Alltech-Hartpury Equine Student Conference and the International Society for Equitation Science conference in Rome.



## NEW COURSES

- WUC launched a suite of business courses – a Level 5 Apprenticeship, a one-year Higher National Certificate (HNC) and a two-year Higher National Diploma (HND).
- WUC's new Canine Therapy degree enables students to gain the skills needed to provide therapeutic support to all kinds of dogs in conjunction with veterinary surgeons.
- WUC launched an elite Equine Academy to support talented competition riders while they study for a degree or other Higher Education qualification.
- WUC teamed up with outdoor learning provider Essex Outdoors on our new Foundation Degree in Sports Science with Outdoor Activity.
- WUC specialist sports courses grew further with the Foundation Degree in Sports Science with Aerial Performance.



## RECOGNITION

- Ancient beech forests in 10 European countries were added to UNESCO's World Heritage List, due to the efforts of a group of 120 international experts including our senior academic Professor Peter Hobson.
- WUC received a Brite Green Top 10 University Carbon Reduction Award for our efforts in reducing carbon emissions and launched a sustainability project to enhance, develop and promote the 'green' credentials of our campus and operations.
- The Curator of Marks Hall Gardens and Arboretum Jonathan Jukes and the Joint Managing Director of Tiptree jams Chris Newenham were given Honorary awards at our 2017 Graduation Ceremonies.



## EVENTS

- WUC held a fantastic Equine Showcase to launch our investment in our equine facilities, packed full of inspiring interactive workshops.
- From the largest equine hospital in Europe to a company that specialises in turning desert into green space – there were a huge range of opportunities on show at our Careers Fair.
- Fang-tastic Beasts and How to Care For Them gave Year 10 and 11 students the opportunity to find out more about Further Education study here.
- WUC's Equine Society hosted a series of public lectures about caring for horses.
- Further Education floristry students and staff created a floral wedding arch for a competition at the prestigious RHS Chelsea Flower Show.
- More than 3,000 primary schoolchildren from 60 Essex schools visited the Essex Agricultural Society's Food and Farming Day on campus.
- The only children's open water triathlon in the eastern region was held on campus, with the swim across our reservoir.

# CHARITABLE STATUS AND PUBLIC BENEFIT

Writtle University College (WUC) is a Higher Education Institution and, therefore, an exempt charity under the terms of the Charities Act 2011. In setting and reviewing the University College's strategic objectives, the Governing Body has had due regard to the Charity Commission Guidance on public benefit and particularly the supplementary guidance on the advancement of education. The charitable objectives are the provision of Higher and Further education and the carrying out of research.

Government research attests to the enhanced social and economic benefits gained by individuals and the wider public as direct and indirect results of people engaging with further and higher educations. Recognising the benefits of engagement with education beyond school leaving age, the law was amended, increasing the age of participation to 18. Anyone born on or after 1 September 1997 is now required to undertake some form of further education until their 18th birthday.

A substantial body of information shows clearly that training and research undertaken by HEIs has important and measurable regional and national economic and social benefits, evidenced by publications and research material available on the archived Higher Education Funding Council (HEFCE) and the Office for Students (OfS) websites.

The wider public benefit and national economic importance of vocational training and research undertaken by institutions such as WUC was highlighted in the Government's UK Strategy for Agricultural Technologies, published July 2013. The importance of the land-based sector is acknowledged in the South East Local Enterprise Partnership (SELEP) and highlighted in the Essex Rural Strategy (relaunched 2016).

## Vision and Mission

Core aspects of how WUC provides public benefit are well articulated in the Strategic Plan.

The Strategic Vision Statement is that Writtle University College will be *"A distinctive place to study and to serve the environment through science and the arts"*, and the Mission Statement is *"Transforming lives and the environment through inspiring education"*. The University College delivers its vision and mission through five objectives as follows:

### 1. Students

To provide an excellent learning experience for all our students, through engagement with well-informed teaching, delivered by experts, in a supportive and stimulating environment.

### 2. Research

To ensure that our research makes a major contribution to the maintenance of an appropriate academic culture; enhances the ability of the University College to engage with the industries it serves within the wider context of the natural environment and is inclusive of all members of our academic community who have the potential to make a relevant contribution. To be recognised for the excellence of our research in the land-based sector, as well as for a distinctive blend of science, arts, and business across our research portfolio.

### 3. Industry and Business

To strengthen and grow our links with industry and business. To be known for our high quality and flexible delivery of quality knowledge transfer, research and consultancy.

### 4. Public Profile

To enhance our networks and reputation globally, nationally, regionally and locally by proactively engaging with our audiences. To reflect our brand values, communicating the richness and diversity of the Writtle University College portfolio, and demonstrating the wealth of academic expertise, especially through dissemination of research and enterprise initiatives.

### 5. Financial and Human Resources

Through careful planning and investment ensure activities carried out are financially sustainable. To recruit, retain and support employees so that they are engaged, they excel and are able to perform at their very best.

## Public Benefit and Higher Education

Students undertaking courses at WUC obtain a direct benefit from the education they receive and the enhanced careers they subsequently pursue. A wider benefit is also afforded to society as they implement their specialist knowledge and graduate skills throughout the course of their careers.

In addition to providing subject specific theoretical knowledge, understanding and practical skills WUC courses also address topics relevant to the development of an informed, active, and inquiring citizenry, including ethics, sustainability, and climate change. In addition to subject-specific expertise offered by lecturers, the institution provides a supportive environment in which those with a variety of learning requirements, and those with a range of disabilities, can benefit.

The HE Division was organised into four programme areas as follows:

- Animal Science, Bio-Veterinary, Sport
- Equine, Veterinary Physiotherapy
- Agriculture, Horticulture, Conservation
- Landscape Garden Design, Art & Design, Floristry

Sport, Equine and Animal Science programme areas offer undergraduate, taught postgraduate and research degrees in as well as a 4 year Integrated Masters Degree in Veterinary Physiotherapy. A new Integrated Masters in Bio-Veterinary Science started September 2017 and a BSc Canine Therapy started in September 2018. Wherever possible, WUC aims to offer a flexible delivery structure that fits in with the busy lives of students, for example, the Cycling Performance course is structured around the Professional Cycling calendar which enables students who enrol to still perform competitively whilst studying.

These programme areas also provide an interrelated programme of teaching and research in the fields of Art and Design, Landscape Architecture and Garden Design, drawing inspiration from society and from the environment. Through their work the graduates make a vital contribution to society in return. Staff and



students have participated in regional and national design projects, won prizes for their work, and enjoyed notable success in securing prestigious internships and employment both nationally and internationally. Through its outreach activities these programme areas deliver a range of community and regionally-based activities as well as enriching the undergraduate and postgraduate curriculum. These include bespoke training and awareness sessions for Essex secondary school teachers, with presentations from our recent graduates; summer schools; and school visits.

Research & Innovation work at WUC spans fields as diverse as conservation, genetics, studies into dangerous dogs, ruminant nutrition, and fertility. The outcomes are widely published and cited, making a significant contribution to the sum of scientific knowledge and professional practice. The institution had secured a second tranche of research funding from Sustainable Agriculture Research Innovation Club – a collaboration between BBSRC/NERC/Innovate UK and Industry Partners in a combined bid with Scotland's Rural College and University of Essex, which will enable an extension of the project on the tracking of dairy cattle.

Across all provision at WUC, issues of sustainability are key. Staff and students work on the problems of reconciling the need for greater arable and livestock production to meet a growing world population with the imperative to manage land sustainably for the benefit of future generations. Research within the programme areas spans thermodynamic analyses of ecosystems – focusing on resilience to climate change – through to close collaboration with supermarkets and packaging companies in post-harvest technology; applying research to minimize food waste, transport costs, and carbon emissions.

Numerous professional and charitable bodies sponsor prizes and awards for our students, an independent recognition of the value of our provision to their respective sectors. These include: Novus International, The Alice Noakes Charitable Trust, Wynne-Williams Associates, Strutt & Parker, The Essex Wildlife Trust, The Geoff Hamilton Foundation and the Worshipful Company of Farmers.

In June 2018 WUC hosted the 10th annual Essex Schools Food and Farming Day in partnership with the Essex Agricultural Society and their 400 members – more than 2,500 primary school children attended from over 60 schools across Essex. Staff, local farmers, and other exhibitors offer these students insights into agriculture, food production and conservation, making use of the estate and specialist resources to illuminate vital issues for a wider constituency of students.

Along with the University of Essex and Anglia Ruskin University, WUC played an active role in the Essex Collaborative Outreach Network throughout 2017/18, helping to encourage more young people into HE in Essex.

### Public Benefit and Further Education

The Further Education (FE) Division offers a range of programmes in land-based and associated subjects including apprenticeships, 14-16 schools' work and full cost short courses which are often bespoke for employers. In 2015/16 the Institution made a strategic decision to withdraw from level 1 full time classroom based provision for 16-18 year olds and to extend provision at level 2 and 3, in order to strengthen progression into HE.

The FE Division was organised into four curriculum areas as follows:

- Animal Management (which offers programmes in Animal Management, Dog Grooming and Vet Nursing)
- Art and Design, Floristry and Sport
- Equine, Maths and English
- Land based and Work Based Learning

Progression into employment or Further or Higher Education is good and a strong emphasis is placed on providing employability skills and supporting progression within education. For example, all full-time students undertake a work placement which forms part of their programme of study and a number of 'real work environments' are effectively utilised to develop skills (such as a dog grooming parlour, animal unit and equine yard, stud duties and estate duties).

All full-time 16 to 18 year-old students participate in study programmes, which comprise a main qualification, work experience, employability training, English and Maths. This tailored package of learning provides not only academic achievement but also incorporates wider life skills which improve progression and employment potential. Examples of employability training undertaken include Certificates of Competence (tractor driving, pesticide application, forklift truck operation), fitness instructing, photography, sustainable development, enterprise skills and coaching.

Enrichment activities based around being healthy, staying safe, enjoying and achieving, developing awareness of equality and diversity, enterprise skills and awareness of sustainability are built into all study programmes. Examples of activities include:

- Students across the Division participating in the Essex 'Road Runners' event held at WUC which focuses on promoting safe driving, drug awareness and the dangers of drink driving
- Encouragement of physical activity such as participating in nature walks and undertaking yard and estate duties, plus individual and team sports, as part of the curriculum
- Promotion of healthy eating through Horticultural students growing their own herbs and vegetables.
- Study tours which provide opportunities to undertake new experiences alongside meeting curriculum objectives.

Promotion of volunteering. For example:

- Animal Studies students encouraged to help in primary schools, visit the elderly and support the 'Vets and Wildlife' volunteer scheme.
- Sports students working with local schools to provide coaching assistance.

Working with local organisations and facilities. For example:

- Floristry students providing floral displays for the Harvest Festival.
- Equine students raising money for Cancer Research.
- Students are able to display their work with some participating in local and national competitions. For example:
- Art and Design students holding a WUC Art Exhibition which is open to friends, families and the public.



- Floristry students participating in producing a display for the Hampton Court Palace Flower Show, RHS Hyde Hall, Hylands House and the Chelsea Flower Show.
- Horticulture students achieving a Silver Gilt at the Royal Ascot Show.

The Division continues to work hard to develop a number of collaborations and partnerships with stakeholders, which enhance quality and efficiency, as well as developing communication and planning. Examples of these include:

- Schools – opportunities for 14-16 students to undertake vocational programmes, taster days, special schools work, enhanced curriculum sessions.
- Colleges – collaborative funded projects, peer review, sharing good practice, shared CPD (Continuing Professional Development).
- Collaborations – FEDEC (Federation of Essex Colleges), Landex (Excellence in Land-based Colleges), Food and Farming Day with Essex Agricultural Society and Essex County Council and Pets Corner in Harlow.

- Employers – provide guest speakers, host visits and work placements. The Institution provides training in the form of apprenticeships, short and bespoke courses.
- Local businesses – delivery of provision e.g. Marsh Farm for delivery of 14-16 vocational provision.

### Trustees

No member of the Board receives payment for the work they do as Governors, or Trustees, but expenses for travelling and subsistence are reimbursed.

The total expenses paid to or on behalf of 4 board members in 2017/18 was £1,454 (2017 - £2,942 to 5 board members). This represents travel and subsistence expenses incurred in attending Board, Committee meetings and Charity events in their official capacity.





# STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the Financial Statements of the University College to obtain a better understanding of the governance, management and legal structure of the University College.

## Legal Status

Writtle University College is a higher education corporation established under the terms of the Education Reform Act 1988. Its objects, powers and framework of governance are set out in the Articles of Government, the current version of which was approved by the Privy Council in May 2016, when the College gained University College title.

## Principles

The University College is committed to exhibiting best practice in all aspects of corporate governance, and endeavours to conduct its business in accordance with the seven Principles identified by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The University College has also applied the principles set out in The Higher Education Code of Governance, first published by the Committee of University Chairs (CUC) in 2010 and revised most recently in December 2014.

## Statement of Corporate Governance

On 1 October 1994, the College transferred from the Further Education sector to the Higher Education sector upon the authority of the Secretary of State for Education and by order of the Privy Council under Section 12A (3) and (4) of the Education Act, 1988. The Board of Governors was reconstituted from the date of transfer and comprises lay and academic persons appointed under the Instrument of Government of the University College, the majority of whom are non-executive. The role of Chair of the Governing Body is separated from the role of the University College's Chief Executive, the Vice-Chancellor. The responsibilities of the Governing Body are set out in the Articles of Government of the University College and operational controls are laid down in the Office for Students 'terms and conditions of funding for higher education institutions for the period up to 31 July 2019', which from 1 April 2018 superseded the Memorandum of Assurance and Accountability issued by the Higher Education Funding Council for England.

The Governing Body is responsible for:

- the determination of the educational character and mission of the University College and for oversight of its activities;
- the effective and efficient use of resources, the solvency of the University College and for safeguarding their assets;
- approving annual estimates of income and expenditure;
- appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts; and
- setting a framework for the pay and conditions of service of all other staff.

The University College maintains a Register of Interests of members of the Governing Body, which may be consulted by arrangement with the Clerk of the Governing Body.

The Governing Body meets at least four times a year and has the following sub-committees: Finance and General Purposes Committee; Audit Committee; Personnel and Remuneration Committee; Academic Standards & Quality Enhancement Committee; and Search and Governance Committee. All these Committees are formally constituted with terms of reference and comprise mainly of independent members of the Governing Body, one of whom is the Chair. During 2017/18, the Audit Committee included two qualified accountants.

The Finance and General Purposes Committee inter-alia recommends to the Governing Body the University College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Committee met five times this year.

The Personnel and Remuneration Committee advises the Governing Body on personnel issues and determines the annual remuneration of senior staff including the Vice-Chancellor. This Committee met three times this year.

The Audit Committee meets at least three times each year and reviews the findings of the External Auditors and the Internal Auditors, and including detailed internal audit reports and recommendations for the improvement of the University College's systems of internal control, together with the University College's management response and implementation plans. The auditors meet the Committee at least once every year without management present.

The Audit Committee receives and considers reports from relevant external bodies as they affect the University College's business and monitors adherence with the regulatory requirements. It reviews inter-alia the University College's annual financial statements, together with the accounting policies and considers and advises the Governing Body on external audit reports and management letters. In addition the Audit Committee monitors the work of the external and internal auditors and considers that they carry out their activities in an efficient and cost effective way. WUC senior staff attend the Committees as appropriate.

The Academic Standards and Quality Enhancement committee advises the board on matters relating to academic standards and the quality of the FE and HE provision, as well as the wider student experience at WUC. The Committee met three times this year.

The Search and Governance Committee is responsible for all matters relating to the membership of the Board and its committees, as well as issues relating to training and evaluation of members. The Academic Board is responsible for all matters relating to teaching, scholarship and research at the University College, subject to the overall direction of the Board of Governors, drawing its membership entirely from the staff and students of the institution. The minutes from each meeting of the Academic Board are reported to the Board of Governors.

## Appointment of Governors

Governors, who are also charitable trustees, are appointed by the Governing Body. This normally follows a process of consideration by the Search & Governance Committee, an interview with the Chair of the Board and Vice-Chancellor, and consideration of a CV. Governors

are appointed for a fixed term of office, normally four years (for independent members), at the conclusion of which they will be eligible for a further four-year term of office (subject to approval). Restrictions on the eligibility of members is as outlined in the Articles of Government (Article 15) and all members are required to complete an annual declaration of interest.

### Board of Governors self-assessment

A performance self-assessment review is undertaken by the Board annually and the responses are collated and analysed by the Clerk and reported to each committee and the Board during the year. During 2017/18 the Audit Committee undertook the performance self-assessment and the Clerk's analysis of the results was considered by the meeting held on 28 September 2017. The decision was taken to defer the self-assessment for the Board and its other standing committees for 2017/18 pending the outcome of a governance effectiveness audit in 2018/19.

Full minutes of meetings, except those deemed to be confidential by the Governors, are available from the Clerk to the Governors at: Writtle University College, Lordship Road, Chelmsford, Essex, CM1 3RR.

### Management

The Vice-Chancellor and Chief Executive is the head of the institution and is responsible to the Board of Governors for the organisation, direction and management of the University College. Under the Office for Students 'terms and conditions of funding for higher education institutions', the Vice-Chancellor is designated accountable officer.

The Vice-Chancellor is supported by a leadership group, which during 2017-18 comprised the Pro Vice-Chancellor (Academic), the Director Business & Finance and the Director of Human Resources & Student Services. The Pro Vice-Chancellor (Academic) left the University College on 31 July 2018 and the Director Business & Finance left the University College on 30 August 2018. Experienced senior interim staff have since been engaged to support the Vice-Chancellor until permanent post holders are recruited.

### Internal Control

As the Governing Body of Writtle University College, the Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the Governing Body in the Instruments and Articles of Government and the Financial Memorandum with HEFCE/terms and conditions of funding with the OfS.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2018 and up to the date of approval of the financial statements. The key elements are as follows:

- the Board of Governors meets at least four times per year to consider the plans and strategic direction of the institution and to monitor performance against those plans;
- the leadership group maintains a strategic risk register which assesses key risks at institutional level, including an evaluation of the likelihood and impact of risks becoming a reality;
- following regular consideration by the Leadership Group and University College Leadership Forum (UCLF), the risk register is presented for discussion at each meeting of the Board of Governors, at each meeting of the Audit Committee, Finance and General Purposes Committee, Personnel & Remuneration Committee and the Academic Standards and Quality Enhancement Committee (each of which is responsible for primary monitoring of specific risks);
- the Board of Governors receives periodic reports concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- the Vice-Chancellor has responsibility for alerting the Board to any emergent risks;
- the Audit Committee receives regular reports from the internal audit providers, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement;
- the work of the internal audit service is informed by an analysis of the operational, business and compliance risks facing the University College;
- reports are received by budget holders, department heads and project managers on internal control activities;
- the Board receives and considers an annual report from the Audit Committee, which provides assurance on systems for:
  - risk management, control and governance
  - economy, efficiency and effectiveness (value for money)
  - management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE/OfS and other bodies.
- the Board's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The review by the Board of Governors of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the OfS Audit Code of Practice (Annex C of the 'terms and conditions of funding for higher education institutions for the period to 31 July 2019'). The internal audit providers submit regular reports which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement. This is reviewed and signed off by the Audit Risk & Compliance Committee.



### Significant control weaknesses

The University College is required, in accordance with the OfS 'Regulatory Advice 9: Accounts Direction', to set out any significant internal control weaknesses that have arisen during the financial year or after the year end and before the financial statements are signed. In 2017/18 and subsequent to the year-end, the University College has been conducting an in depth review into its governance arrangements, processes and controls with a view to strengthening and transforming these arrangements to secure the future financial sustainability and success of the University College in the future. We have set out a summary of the more significant areas of improvement that the University College is focusing on through this process and which it considers reflect control weaknesses in the financial year:

- Risk management, governance and control arrangements

In May 2018, the University College conducted a review of its arrangements and identified that it had not complied with the provisions of historic OFFA-approved access agreements. The breach was reported to the OfS on 18 May 2018, with the University College advising that discrepancies existed between committed and actual spend in previous years. These findings were subsequently verified by an assurance review undertaken by BDO LLP in July 2018. The outcome of the BDO assurance review was provided to the OfS.

The Board of Governors provided a response to the BDO assurance review, which was sent to the OfS in August 2018. In its response to the review, the Board recognised that wider aspects of risk management, governance and control processes needed to be strengthened. The Audit Committee addresses this issue in its annual report to the Board of Governors.

The University College has since developed an action plan to improve these key areas of internal control, governance and risk management, which is regularly

monitored by the Audit Committee and the Board of Governors. The actions being taken by the University College include revising board committee structures, terms, and conditions; providing additional training to governors and other senior members of management; changing some senior roles within the organisation; and bringing new people into the University College with different skills and experience.

- Financial planning, forecasting and monitoring arrangements

In light of the increasing challenges in the Sector, and a recognition that past financial forecasting for the University College has not been sufficiently accurate, the University College is developing new arrangements for financial planning, forecasting and monitoring of financial performance. This includes the use of new models and tools, as well as new and more robust governance and control arrangements over those processes.

### **Going Concern**

After making appropriate enquiries and with reference to the more detailed narrative in the 'Financial Position' section, the Board of Governors considers that the University 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.

Signed on behalf of the Board of Governors



Mr J Swan

Chair of the Board of Governors

Date 30<sup>th</sup> November 2018



## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE GOVERNING BODY

In accordance with the University College's Instruments and Articles of Government, the Governing Body is responsible for the administration and management of the University College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College and to enable it to ensure that the financial statements are prepared in accordance with the Instruments and Articles of Government, the Statement of Recommended Practice on Accounting in Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for England and the University College's Governing Body, and subsequently within the OfS 'terms and conditions of funding for higher education institutions for the period up to 31 July 2019', the Governing Body, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the University College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England/Office for Students are used only for the purposes for which they have been given and in accordance with the terms and conditions of funding for higher education institutions and any other conditions which the OfS may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources safeguard the assets of the University College and prevent and detect fraud
- secure the economical, efficient and effective management of the University College's resources and expenditure


The key elements of the University College's system of internal financial control, which is delegated to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, senior members of the University College staff;

- planning processes supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- monthly reviews of financial results involving variance reporting and updating of forecast outcomes;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Governing Body;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;
- appointment of professional internal auditors whose annual programme is determined by the Audit Committee and approved by the Governing Body.

The Audit Committee, on behalf of the Governing Body, continually reviews the effectiveness of aspects of the College's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Signed on behalf of the Board of Governors



Mr J Swan  
Chair of the Board of Governors  
Date 30<sup>th</sup> November 2018



# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

In our opinion the financial statements of Writtle University College:

- give a true and fair view of the state of the university's affairs as at 31 July 2018 and of the university's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the statement of comprehensive income and expenditure;
- the balance sheet;
- the statement of changes in reserves;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

## 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 university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the governing body's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the governing body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the university'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.

We have nothing to report in respect of these matters.

## Other information

The governing body is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 respect of these matters.

## Responsibilities of the governing body

As explained more fully in the governing body's responsibilities statement, the governing body is responsible for the preparation of the financial statements that give a true and fair view, and for such internal control as the governing body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body is responsible for assessing the university'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 governing body either intends to liquidate the university or to cease operations, or has 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

funds from whatever source administered by the university for specific purposes during the year ended 31 July 2018 have been applied to those purposes and managed in accordance with relevant legislation;

funds provided by the OfS and Research England have been applied in accordance with the terms and conditions of the Accounts Direction and any other terms and conditions attached to them during the year ended 31 July 2018; and

the requirements of the OfS's accounts direction have been met.

### Use of our report

This report is made solely to the governing body in accordance with section 124B of the Education Reform Act. Our audit work has been undertaken so that we

might state to the governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the board of governors as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte LLP  
Statutory Auditor  
St Albans, United Kingdom

30 November 2018







# STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
<b>INCOME</b>			
Tuition fees and education contracts	1	7,715	7,527
Funding body grants	2	5,581	6,244
Research grants and contracts		62	98
Other income	3	3,284	3,391
Investment income	4	83	91
<b>Income before donations</b>		<b>16,725</b>	<b>17,351</b>
Donations		34	-
<b>Total income</b>		<b>16,759</b>	<b>17,351</b>
<b>EXPENDITURE</b>			
Staff costs	6	10,998	10,835
Other operating expenses	8	6,055	5,566
Depreciation	10, 11	1,431	1,231
Interest and other finance costs	7	550	654
<b>Total Expenditure</b>		<b>19,034</b>	<b>18,286</b>
<b>(Deficit) before other gains/losses</b>		<b>(2,275)</b>	<b>(935)</b>
Gain on disposal of fixed assets		1,470	585
<b>(Deficit) before tax</b>		<b>(805)</b>	<b>(350)</b>
Taxation	9	-	-
<b>(Deficit) for the year</b>		<b>(805)</b>	<b>(350)</b>
Actuarial gain in respect of pension scheme	22	4,270	769
<b>Total comprehensive income for the year</b>		<b>3,465</b>	<b>419</b>
Represented by:			
Unrestricted comprehensive income for the year		4,060	617
Revaluation reserve comprehensive income for the year		(595)	(198)
		<b>3,465</b>	<b>419</b>
<b>(Deficit) for the year attributable to:</b>			
University College		(805)	(350)
<b>Total Comprehensive income for the year attributable to</b>			
University College		3,465	419

All items of income and expenditure relate to continuing activities.



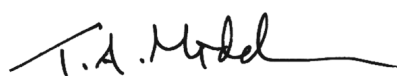
## UNIVERSITY COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account Endowment	Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2016</b>	<b>3</b>	<b>(2,703)</b>	<b>22,145</b>	<b>19,445</b>
(Deficit) from the income and expenditure statement	-	(353)	-	(353)
Actuarial gain in respect of pension scheme	-	769	-	769
Transfers between revaluation and income and expenditure reserve	-	198	(198)	-
Release of restricted funds	(3)	3	-	-
<b>Total comprehensive income for the year</b>	<b>(3)</b>	<b>617</b>	<b>(198)</b>	<b>416</b>
<b>Balance at 1 August 2017</b>	<b>-</b>	<b>(2,086)</b>	<b>21,947</b>	<b>19,861</b>
(Deficit) from the income and expenditure statement	-	(805)	-	(805)
Actuarial gain in respect of pension scheme	-	4,270	-	4,270
Transfers between revaluation and income and expenditure reserve	-	595	(595)	-
Release of restricted funds in year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>4,060</b>	<b>(595)</b>	<b>3,465</b>
<b>Balance at 31 July 2018</b>	<b>-</b>	<b>1,974</b>	<b>21,352</b>	<b>23,326</b>

# UNIVERSITY COLLEGE BALANCE SHEET

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
<b>Non-current assets</b>			
Fixed assets	10	36,076	34,910
Investments	11	747	760
		<b>36,823</b>	<b>35,670</b>
<b>Current assets</b>			
Stock	12	268	238
Trade and other receivables	13	730	669
Cash and cash equivalents	17	3,024	5,280
		<b>4,022</b>	<b>6,187</b>
<b>Less: Creditors: amounts falling due within one year</b>	<b>14</b>	<b>(2,613)</b>	<b>(2,477)</b>
<b>Net current (liabilities)/assets</b>		<b>1,409</b>	<b>3,710</b>
<b>Total assets less current liabilities</b>		<b>38,232</b>	<b>39,380</b>
Creditors: amounts falling due after more than one year	15	(2,523)	(3,992)
<b>Provisions</b>			
Pension provision	16	(12,383)	(15,527)
<b>Total net assets</b>		<b>23,326</b>	<b>19,861</b>
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted		1,974	(2,086)
Revaluation reserve		21,352	21,947
		23,326	19,861
<b>Total Reserves</b>		<b>23,326</b>	<b>19,861</b>

The financial statements were approved by the Governing Body on 30th November 2018 and were signed on its behalf on that date by:



Professor Tim Middleton  
Vice-Chancellor



Mr Jonathan Swan  
Chair of Board



## UNIVERSITY COLLEGE CASH FLOW

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		(805)	(350)
<b>Adjustment for non-cash items</b>			
Depreciation	10, 11	1,431	1,231
Increase in stock	12	(30)	(9)
Decrease in debtors	13	(61)	(76)
Increase/(decrease) in creditors < 1 year	14	168	(231)
Increase in creditors > 1 year	15	250	-
Increase in pension provision	16	1,126	889
Release of historic endowment		-	(3)
<b>Adjustment for investing or financing activities</b>			
Investment income	4	(83)	(91)
Interest payable	7	141	276
Profit on the sale of fixed assets		(1,470)	(585)
Capital grant income	2	(138)	(92)
<b>Net cash inflow from operating activities</b>		<b>529</b>	<b>959</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		1,714	640
Capital grants receipts	2	138	92
Investment income	4	83	91
Payments made to acquire fixed assets	10	(2,828)	(2,088)
New non-current asset investments	11	-	(20)
		<b>(893)</b>	<b>(1,285)</b>
<b>Cash flows from financing activities</b>			
Interest paid	7	(141)	(276)
Repayments of amounts borrowed		(1,751)	(159)
		<b>(1,892)</b>	<b>(435)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(2,256)</b>	<b>(761)</b>
Cash and cash equivalents at beginning of the year	17	5,280	6,041
Cash and cash equivalents at end of the year	17	3,024	5,280

# STATEMENT OF ACCOUNTING POLICIES

## 1 Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards FRS 102. The University College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and investments).

## 2 Basis of consolidation

Writtle College Services Ltd, a wholly owned subsidiary with net assets of £100 has not traded for a number of years and is currently dormant. The financial statements of the University College have not been prepared on a consolidated basis on the grounds of materiality.

The financial statements do not include those of Writtle University Colleges Students' Union as the University College does not exert control or dominant influence over policy decisions. The Student's Union presents its financial position to the governing body on an annual basis. Transactions between the University College and the Students' Union are disclosed under transactions with related parties (note 24).

## 3 Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Funds the University College receives and disburses as a paying agent on behalf of a funding body are excluded from the income and expenditure of the University College where the University College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Grant funding

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

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

### Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University College is entitled to the funds.

### Capital grants

Capital grants are recognised in income when the University College is entitled to the funds subject to any performance related conditions being met.

### Investment Income

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.



## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### 4 Accounting for retirement benefits

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

Contributions to the TPS are charged to the income and expenditure so as to spread the costs of pensions over the employees' working lives with the University College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the schemes liabilities, arising from the passage of time, are included in the pension finance costs. Actuarial comprehensive income are recognised in the statement of total recognised gains and losses.

A more detailed explanation of the arrangements for pension schemes can be found in Note 22.

### 5 Employment benefits

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

### 6 Finance leases

Leases in which the University College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 7 Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### 8 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date.

## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### 9 Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Deemed cost refers to land and buildings that had been revalued to fair value on the date of transition to the 2015 FE HE SORP, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. However, it is recognised that for certain historical assets held it is neither practical nor cost effective to split assets in this way. Componentisation has been adopted for assets acquired on or after 1 August 2014.

#### Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University College.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the University College ranging between 5-90 years.

No depreciation is charged on assets in the course of construction.

#### Equipment

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

Exceptionally, PCs will be considered as a capital purchase even if purchased individually at a cost of less than £1,000 (including VAT).

Capitalised equipment including computers and software is depreciated on a straight line basis over its expected useful economic life to the University College ranging between 2-15 years.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy.

#### Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred, no borrowing costs directly attributable in the acquisition, construction or production of a qualifying asset are capitalised.

### 10 Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties were revalued initially as part of the overall valuation undertaken as at 1 August 2014. Although it is recognised that these assets should strictly be revalued annually according to market conditions as at 31 July each year, the annual movement is not considered likely to be material in current market conditions, and the revaluation exercise is not considered to be a worthwhile or 'added value' exercise. On this basis, investment properties are accounted for using the cost model.

### 11 Stock

Stock (standing crops, livestock and consumables) is held at the lower of cost and net realisable value. Where necessary provision is made for obsolete, slow moving and defective stocks.



## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### 12 Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 13 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University College has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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

A contingent asset arises where an event has taken place that gives the University College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### 14 Taxation

The University College is an exempt charity within the meaning of Part 3 of the Charities Act 2011, and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University College is recognised as a charity by HM Revenue & Customs.

It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University College receives no similar exemption in respect of Value Added Tax. The University College is partially exempt for Value Added Tax as its main activity is the supply of education which is exempt. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

Should the University College's subsidiary company; Writtle College Services Ltd resume trading then it would be liable to Corporation Tax in the same way as any other commercial organisation.

### 15 Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University College, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University College is restricted in the use of these funds.

### 16 Financial Instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All loans, investments and short term deposits held by the University College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic instruments are subsequently measured at amortised cost, however the University College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### 17 Judgements in applying accounting policies and key sources of estimation uncertainty

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

#### **Tangible fixed assets**

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

#### **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2018. Any differences between these figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



## NOTES TO THE ACCOUNTS

	Notes	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
<b>1</b>	<b>Tuition fees and education contracts</b>		
	<b>HE</b>		
	Full-time Students' Fees	5,733	5,521
	Full-time Students Charged International Fees	583	595
	Part-time Student Fees	423	392
		<b>6,739</b>	<b>6,508</b>
	<b>FE</b>		
	Full-time Students' Fees	90	108
	Full-time Students Charged International Fees	19	36
	Part-time Student Fees	348	306
	Short Course Student Fees	432	426
	Other Fees and Support Grants	87	143
		<b>976</b>	<b>1,019</b>
		<b>7,715</b>	<b>7,527</b>
<b>2</b>	<b>Funding body grants</b>		
	<b>Recurrent grant</b>		
	Higher Education Funding Council/Office for Students	1,149	1,177
	Skills Funding Agency	890	953
	Education Funding Agency	3,404	4,022
	Capital Grant	138	92
		<b>5,581</b>	<b>6,244</b>
<b>3</b>	<b>Other income</b>		
	Residences, catering and conferences	2,271	2,282
	Estate Activities	368	413
	Other income	645	696
		<b>3,284</b>	<b>3,391</b>
<b>4</b>	<b>Investment income</b>		
	Income from Investment Properties	73	69
	Interest receivable	10	22
		<b>83</b>	<b>91</b>
<b>5</b>	<b>Donations and endowments</b>		
	Unrestricted donations	34	-

## NOTES TO THE ACCOUNTS

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
<b>6 Staff costs</b>		
Staff Costs:		
Salaries	7,879	7,838
Other Taxes & Social security costs	754	710
Other pension costs	2,026	1,787
Exceptional Restructuring Costs	339	500
<b>Total</b>	<b>10,998</b>	<b>10,835</b>

The total amount of any compensation for loss of office paid across the whole College was £339k and related to 34 people.

	Incoming Aug 17 - July 18	Outgoing July 16 - Aug 17
Emoluments of the Vice-Chancellors:		
Salary	114	134
Benefits	-	2
Relocation	3	-
	<b>117</b>	<b>136</b>
Pension contributions	19	-
	<b>136</b>	<b>136</b>

No member of staff, other than the Vice-Chancellor was paid in excess of £100,000.

The head of the provider's basic salary is 4.3 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff, excluding agency, casual and HPL staff.

The head of the provider's total remuneration is 4.2 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff excluding agency casual and HPL staff.

### Summary Justification

The Vice-Chancellor (VC), as the HEFCE Accountable Officer and Senior Academic, has overall responsibility for the Leadership and Management of Writtle University College (WUC), shaping the academic development and ensuring WUC remains agile within the sector. Working with the Board of Governors, the VC sets the Strategic direction for and manages the Leadership Group to develop and evolve the strategy. As the accountable officer the VC exercises general oversight of WUC's organisational structure and financial position and is held accountable in the role by the Board\*\*, being required to ensure robust financial planning and risk management systems are in place to delivery strategic opportunities and commitment to our students.

\*\*The VCs performance is measured through achievement of Organisational KPIs as reviewed by the Board and through relevant Committee structures, alongside an annual review of performance by the Chair of Governors. The level of remuneration has regularly been benchmarked against the industry.

Average staff numbers by major category:	No.	No.
Academic	101	103
Academic Support Services	67	62
Business Support Staff	87	96
	<b>255</b>	<b>261</b>



## NOTES TO THE ACCOUNTS

### 6 Staff costs (continued)

#### Board Members

The University College Board members are the trustees for charitable law purposes. Due to the nature of the University College's operations and the compositions of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of Board may have an interest, including those identified below, are conducted at arms length and in accordance with the University College's Financial Regulations and usual procurement procedures.

The total expenses paid to or on behalf of 4 board members was £1,454 (2017 - £2,942 to 5 board members). This represents travel and subsistence expenses incurred in attending Board, Committee meetings and Charity events in their official capacity.

	Notes	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
<b>7 Interest and other finance costs</b>			
Bank loan interest		141	276
Pension scheme finance costs	21	409	378
		<b>550</b>	<b>654</b>
<b>8 Analysis of total expenditure by activity</b>			
Residences, catering and conferences		1,061	1,114
Consumables and Laboratory Expenditure		145	161
Books and Periodicals		147	212
Heat, Light, Water and Power		483	417
Repairs and General Maintenance		403	293
Grants to Students' Union		11	15
Rents and Rates		91	95
Auditors' Remuneration			
Financial Statements audit		36	34
Internal audit		26	26
Equipment Operating Lease Rentals		38	45
Cleaning Costs		331	317
Computer Costs - Licences & Maintenance Agreements		223	228
Examination Fees		214	245
Printing Costs		122	181
Scholarships		292	276
Insurances		159	158
Professional & Consultancy		346	182
Marketing		201	256
Transport		114	90
Other Expenses		1,168	753
Estate Activities		444	468
		<b>6,055</b>	<b>5,566</b>

## NOTES TO THE ACCOUNTS

### 9 Taxation

#### UK Corporation Tax

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017 - 20%)

The Institution is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and 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 purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

### 10 Fixed Assets

	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2017	34,873	9,480	945	45,298
Additions	149	732	1,947	2,828
Transfers	1,921	847	(2,768)	-
Disposals	(289)	(233)	-	(522)
<b>At 31 July 2018</b>	<b>36,654</b>	<b>10,826</b>	<b>124</b>	<b>47,604</b>
<b>Depreciation</b>				
At 1 August 2017	3,612	6,776		10,388
Charge for the year	653	765		1,418
Disposals	(61)	(217)		(278)
<b>At 31 July 2018</b>	<b>4,204</b>	<b>7,324</b>	<b>-</b>	<b>11,528</b>
<b>Net book value</b>				
At 31 July 2018	32,450	3,502	124	36,076
<b>At 31 July 2017</b>	<b>31,261</b>	<b>2,704</b>	<b>945</b>	<b>34,910</b>

At 31 July 2018, freehold land and buildings included £4.6m (2017 - £4.8m) in respect of freehold land and is not depreciated.

A full valuation of the University College's freehold land and buildings was carried out as at 1 August 2014 by Strutt and Parker.



## NOTES TO THE ACCOUNTS

### 11 Non-Current Investments

Consolidated	Other fixed assets investments £'000	Total £'000
At 1 August 2017	760	760
Charge for the year	(13)	(13)
<b>At 31 July 2018</b>	<b>747</b>	<b>747</b>

Investment properties were revalued initially as part of the overall valuation undertaken as at 1 August 2014 and have not been revalued since.

Although it is recognised that these assets should strictly be revalued according to market conditions as at 31 July each year, the annual movement is not considered likely to be material in current market conditions, and the revaluation exercise is not considered to be worthwhile or 'added value'. On this basis, investment properties are accounted for using the cost model.

The University College owns 100% of the issued share capital of Writtle College Services Limited, a company registered in England (number 3466224). The company ceased trading with effect from 1st August 2009.

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
<b>12 Stock</b>		
Work in progress	52	51
Livestock	128	127
General consumables	88	60
	<b>268</b>	<b>238</b>

### 13 Trade and other receivables

Amounts falling due within one year:

Other trade receivables	314	302
Prepayments and accrued income	416	367
	<b>730</b>	<b>669</b>

### 14 Creditors: amounts falling due within one year

Secured loans	100	95
Unsecured loans	34	71
Trade payables	702	514
Social security and other taxation payable	200	177
Accruals	685	776
Deferred income and payments received on account	449	663
Other creditors	260	156
Amounts due to funding bodies	183	25
	<b>2,613</b>	<b>2,477</b>

## NOTES TO THE ACCOUNTS

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
<b>15 Creditors: amounts falling due after more than one year</b>		
Secured loans	2,246	3,931
Unsecured loans	27	61
Amounts due to funding bodies	250	-
	<b>2,523</b>	<b>3,992</b>
<b>Analysis of secured bank loans:</b>		
Due within one year or on demand (Note 14)	100	95
Due between one and two years	2,106	100
Due between two and five years	140	3,831
Due after more than one year	2,246	3,931
<b>Total secured bank loans</b>	<b>2,346</b>	<b>4,026</b>
<b>Analysis of unsecured Salix loans:</b>		
Due within one year or on demand (Note 14)	16	36
Due between one and two years	-	16
Due after more than one year	-	16
<b>Total unsecured Salix loans</b>	<b>16</b>	<b>52</b>
<b>Analysis of unsecured HEFCE loans:</b>		
Due within one year or on demand (Note 14)	18	35
Due between one and two years	18	18
Due between two and five years	9	27
Due after more than one year	27	45
<b>Total unsecured HEFCE loans</b>	<b>45</b>	<b>80</b>
<b>Analysis of unsecured loans:</b>		
Due within one year or on demand (Note 14)	34	71
Due between one and two years	18	34
Due between two and five years	9	27
Due after more than one year	27	61
<b>Total unsecured loans</b>	<b>61</b>	<b>132</b>
Secured loans	2,346	4,026
Unsecured loans	61	132

The bank loans and overdraft are secured on the freehold land and buildings

## NOTES TO THE ACCOUNTS

Included in the loans are the following:

Repayable	Lender	Amount £'000	Interest rate %
Dec 20	Barclays	2,000	2.20
Aug 21	Barclays	346	5.45
		<b>2,346</b>	
March 19	Salix	4	0.00
March 19	Salix	9	0.00
March 20	Salix	3	0.00
		<b>16</b>	
Nov 19	HEFCE	45	0.00
		<b>45</b>	
		<b>Total 2,407</b>	

### 16 Pension Provision Consolidated

	Defined Benefit Obligations (Note 22) £'000	Total Pensions Provisions £'000
At 1 August 2017	15,527	15,527
Actuarial Loss	(4,270)	(4,270)
Interest costs	409	409
Employee cost of scheme	717	717
<b>At 31 July 2018</b>	<b>12,383</b>	<b>12,383</b>

### 17 Cash and cash equivalents

	At 1st Aug 2017 £'000	Cash Flows £'000	At 31st July 2018 £'000
<b>Consolidated</b>			
Cash and cash equivalents	5,280	(2,256)	3,024



## NOTES TO THE ACCOUNTS

### 18 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2018:

	31 July 2018 £'000	31 July 2017 £'000
Commitments contracted for	24	1,182

### 19 Lease obligations

Total rentals payable under operating leases:

	Other leases £'000	31 July 2018 £'000	31 July 2017 £'000
<b>Payable during the year</b>	<b>46</b>	<b>46</b>	<b>45</b>
Future minimum lease payments due:			
Not later than 1 year	38	38	38
Later than 1 year and not later than 5 years	33	33	71
<b>Total lease payments due</b>	<b>71</b>	<b>71</b>	<b>109</b>

### 20 Events after the reporting period

Following a High Court judgement in October 2018 after the balance sheet date, it is understood that the Essex defined benefit local government pension scheme may be affected by the ultimate resolution of the equalisation of benefits for men and women in relation to guaranteed minimum pension provisions. The eventual method of equalisation may result in an increase in the University's pension liabilities in respect of this fund and, in doing so, increase the pension deficit recorded on the balance sheet. As both the final legal position and method of equalisation are still unclear, it is not currently possible to estimate the amount of any potential increase in pension liabilities with any degree of certainty.

### 21 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Status
Writtle College Services Ltd	100% owned

The company ceased trading with effect from 1st August 2009.

Registered office: Lordhsip Road, Writtle, Chelmsford, Essex, CM1 3RR

## 22 Pension Schemes

Different categories of staff were eligible to join one of two different schemes:

- Local Government Scheme (LGPS)
- Teachers Pension Scheme (TPS)

The two schemes, are both defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

### Total Pension cost for the year

	Year Ended 31 July 18 £m	Year Ended 31 July 17 £m
TPS	574	578
LGPS	735	698
Employee charge for scheme	717	511
	<b>2,026</b>	<b>1,787</b>

Contributions amounting to £146k (2017 £152k) were payable to the scheme at 31st July and are included within creditors, this amount was subsequently paid in August.

### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

### The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

### 22 Pension Schemes (continued)

#### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration)
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS has been implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>.

#### Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS was implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £574,000 (2017: £578,000)

#### FRS 102 (28)

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### 22 Pension Schemes (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds.

The Total contributions made for the year ended 31 July 2018 were £851,000 (2017 £761,000) of which employer's contributions totalled £609,000 (2017 £529,000) and employees contributions totalled £242,000 (2017 £232,000)

The contribution rates were 16.2% from April 2017 for employers and range from 5.5% to 12.5% for employees, depending on salary.

In addition, an annual employers contribution of £126,389 (2017 - £169,527) is made to meet past service deficiencies.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary.

Principal Actuarial Assumptions	At 31 July 2018	At 31 July 2017
Rate of RPI inflation	3.35%	3.60%
Rate of CPI inflation	2.35%	2.70%
Rate of increases in salaries	3.85%	4.20%
Rate of increase for pensions in payment/inflation	2.35%	2.70%
Discount rate for liabilities	2.65%	2.70%
Commutation of pensions to lump sums	50.0%	50.0%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 July 2018 Years	At 31 July 2017 Years
<i>Retiring today</i>		
Males	22.30%	22.20%
Females	24.80%	24.70%
<i>Retiring in 20 years</i>		
Males	24.50%	24.30%
Females	27.10%	27.00%

The University College's assets in the scheme and the expected rate of return were:

	Fair Value at 31 July 2018	Fair Value at 31 July 2017
Long Term rate of return expected at	15%	15%
	£000	£000
Equities	17,530	16,111
Government Bonds	1,472	1,539
Other Bonds	1,610	964
Property	2,455	2,394
Cash/Liquidity	938	763
Other	3,528	2,932
<b>Total market value of assets</b>	<b>27,533</b>	<b>24,703</b>
Actuarial value of scheme liabilities	(39,916)	(40,230)
<b>Deficit in the scheme - Net pension liability</b>	<b>(12,383)</b>	<b>(15,527)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 22 Pension Schemes (continued)

The amount included in the balance sheet in respect of the defined benefit pension plan [and enhanced pensions benefits] is as follows:

	2018 £'000	2017 £'000
Fair value of plan assets	27,533	24,703
Present value of plan liabilities	(39,886)	(40,198)
(Present value of unfunded liabilities)	(30)	(32)
<b>Net pensions liability (Note 16)</b>	<b>(12,383)</b>	<b>(15,527)</b>

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

	2018 £'000	2017 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,476	1,095
Past service cost	10	199
<b>Total</b>	<b>1,486</b>	<b>1,294</b>

Amounts included in investment income

Net interest income	409	378
	<b>409</b>	<b>378</b>

Movement in net defined benefit deficit in the year:

Deficit in the scheme at 1 August	(15,527)	(15,407)
- current employer service costs	(1,476)	(1,095)
- employer contributions	778	788
Gains Past service costs/curtailments or settlements	(19)	(204)
Net interest /return on assets	(409)	(378)
actuarial gain	4,270	769
<b>Deficit on scheme at 31 July</b>	<b>(12,383)</b>	<b>(15,527)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 22 Pension Schemes (continued)

#### Asset & Liability Reconciliation

	31 July 2018 £'000	31 July 2017 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Liabilities at start of period</b>	40,230	35,900
Current Service cost	1,476	1,095
Interest cost on pension liabilities	1,082	892
Employee contributions	242	232
Experience loss/(gain) on defined benefit obligation	-	661
Changes in financial assumptions	(2,548)	2,579
Change in demographic assumptions	-	(421)
Benefits paid	(576)	(907)
Past Service cost	10	199
<b>Liabilities at end of period</b>	<b>39,916</b>	<b>40,230</b>
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	24,703	20,493
Interest on assets	673	514
Return on assets less interest	1,722	2,587
Other actuarial gains/(losses)	-	1,001
Administration expenses	(9)	(5)
Employer contributions	778	788
Employee contributions	242	232
Benefits paid	(576)	(907)
<b>Assets at end of period</b>	<b>27,533</b>	<b>24,703</b>

The estimated value of employers contributions for the year to 31 July 2019 is £745k (2018 £711k), including deficit contributions.

#### Deficit contributions

The College has entered into an agreement with the LGPS to make additional contributions of £123,176 per annum from 1st April 2017 in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.



## NOTES TO THE ACCOUNTS

### 23 Learner Support Funds

	2018 £'000	2017 £'000
Funding Council Grants	122	176
Contribution to Staff Administration	(5)	(8)
	117	168
Balance Unspent and brought forward	13	9
Disbursement to Students	(96)	(102)
To be refunded to Funding Council	(33)	(62)
<b>Balance Unspent at 31 July 2018</b>	<b>1</b>	<b>13</b>

There is £1,000 unspent funds to be carried forward to 2018/2019 (2017/2018 - £13,000)

Funding Council grants are available solely for students: the University College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Accounts

### 24 Related Parties

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

Mr B Morris is a member of senior staff at the University of Essex, the degree awarding body for HE provision at Writtle University College. The income for the year amounted to £32k, expenditure £147k and the balance at the end of the year was £14k.

The Student Union is run by the students of the University College, the University College contributes £11k towards the running costs and we employ 2 members of staff.







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