

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

31 July 2021

BROOKE HOUSE SIXTH FORM COLLEGE

Letter from the Chair of the Corporation

Welcome to the 2021 Annual Report of BSix. I am very happy to report that BSix has been graded Good by Ofsted following Ofsted's inspection of the college in October. This is a great tribute to the dedication of the staff and students of BSix and, in particular, the leadership of Kevin Watson. In their Report Ofsted said that students "feel the college is very welcoming and friendly", that students "value the opportunity to celebrate diversity" and that they "recognise that staff go out of their way to help them be successful".

We have also recently been successfully reviewed by a Further Education Commissioner team (FEC) who felt that the "college is an asset to potential learners, providing educational opportunity for many learners who have previously experienced disappointment".

The achievements of gaining an Ofsted overall Good rating and the positive FEC report are particularly noteworthy given the disruption to education caused by the coronavirus pandemic as well as our difficult financial situation. In addition, during the year the two Financial Notices to Improve were lifted by the ESFA. In this context, FEC comments about "the positive culture at the college" – reinforced by Ofsted's assertion that "Staff morale has improved significantly" – are especially gratifying. We believe that these two statements of approval from our major external monitoring bodies will help consolidate the college's enhanced reputation and increase its appeal to prospective students. Unfortunately, the Ofsted overall Good rating was achieved too late to be a factor in the September 2021 student admission numbers which were disappointing and will lead to considerable financial pressure, as described elsewhere in this Report.

As a Board, we are focussed on ensuring that BSix continues to improve - Ofsted have recognised our "ambitious improvement programme to transform all aspects of the college". Our updated strategic priorities include ensuring quality teaching across BSix, backed up by a continuing teachers' learning and development initiative. Of course, ensuring an orderly and safe environment for our students is critical, as recognised by Ofsted - "Leaders and staff create a safe and positive environment in lessons and around the college. As a result, students feel safe and secure." and "A well-trained safeguarding team is in place." This is reflected in the behaviour and attitude of our students who, according to Ofsted, "behave well because relationships with staff and their peers are built upon mutual respect".

I will leave the last words to Ofsted who recognise that students at BSix "receive a good quality of education" and "develop new knowledge and skills and produce high standards of work" in a "safe and positive environment".

Steve Blackshaw, Chair of the Corporation

Foot note: all quotes taken from Ofsted's "Inspection of The Brooke House Sixth Form College dated 13 October 2021" and "FE Commissioner Intervention Closure Report: Brooke House Sixth Form College - October 2021"

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2020-2021:

Kevin Watson	Principal; Accounting Officer
Mohanned Khabbaze	Vice Principal – Curriculum and Quality
Kishan Pithia	Vice Principal – Student Services
Adrian Cottrell	Vice Principal – Finance and Resources

This senior management team was formed in November 2018. The Vice Principals are senior post-holders who, together with the Principal, form the key management personnel.

Board of Governors

Jonathan Beake	Michael Desmond	
Stephen Blackshaw	Annie Gammon	Sally Townsend
Martin Buck	Sheridan Mangal	Kevin Watson
James Cross	Adam O'Brien	

A full list of Governors who served during 2020-2021 is given on page 23 of these financial statements.

Mr Ralph Devereux acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial statement and regularity auditors:

Buzzacott LLP

130 Wood Street
London
EC2V 6DL

Internal auditors:

TIAA Ltd

Artillery House
Fort Fareham Industrial Site
Fareham
Hampshire
PO14 1AH

Bankers:

Lloyds Bank Plc

Business & Corporate Service Centre
4th Floor, Hays Lane House
1 Hays Lane
London
SE1 2HA

Barclays Bank Plc

220 Stamford Hill
London
N16 6RA

Solicitors:

Kingsley Napley LLP

Knights Quarter
14 St. John's Lane
London EC1M 4AJ

Contents

	Pages
Members' report	4 - 21
Governance statement	22- 29
Statement of regularity, proprietary and compliance	30
Statement of the responsibilities of the members of the Corporation	31 - 32
Independent auditor's report to the members of the Corporation	33 - 35
Reporting accountant's assurance report on regularity	36 - 37
Statement of comprehensive income and expenditure	38
Statement of changes in reserves	39
Balance sheet	40
Statement of cashflows	41
Notes to the accounts	42 - 66

Members' Report

Strategic report

The members present their report and the audited financial statements for the year ended 31 July 2021.

Legal Status

The Corporation was established under 'The Further and Higher Education Act 1992' on 15 October 2001 by the Secretary of State for the purpose of conducting education. The College was incorporated as The Brooke House Sixth Form College (known as BSix Sixth Form College). It is an exempt charity for the purposes of part 3 of the Charities Act 2011.

Mission

BSix: Character and Purpose

BSix Sixth Form College has one campus. It is located in the London Borough of Hackney within close walking distance of Clapton train station.

The College was established to address education needs, primarily of the 16 to 19 year old community in Hackney where at that time more than 50% of young people were travelling outside the Borough for their post 16 education.

The mission of the College is to develop in its students, and to demonstrate through its staff, the characteristic of being always "open to learning". It seeks to achieve this by means of carefully tailored and suitably challenging individual study programmes, underpinned by consistently strong teaching, comprehensive support services and a wide range of enrichment opportunities, set within a safe and inclusive learning environment.

Our staff and students aspire to be excellent teachers and students through demonstrating the following characteristics;

- i. Regular attendance;
- ii. Being punctual;
- iii. Bringing equipment needed for learning;
- iv. Completing preparatory work;
- v. Participating readily in activities;
- vi. Reading widely and going beyond the minimum standard needed;
- vii. Responding positively to feedback;
- viii. Supporting others to learn;
- ix. Always producing the best possible work;
- x. Being constantly open to learning.

The promotion of an openness to learning is at the heart of the College ethos and is a key factor in students acquiring the qualifications, and developing the skills and personal qualities, essential for their continuing success.

Typically, the College enrolls from all over London, with students coming from around 220 secondary schools. The student cohort reflects the diversity of the city. Female students account for 51% of the College cohort and male students 49%. The biggest ethnic groups represented are Black African (26%), White (20%), African Caribbean (11%), Bangladeshi (11%) and students of Multiple Heritage (8%).

Members' Report (continued)

Students come from a wide range of socio-economic backgrounds, with around 35% being eligible for free meals and/or student bursary. The College also receives additional funding to support the 45% of students who have yet to achieve a pass grade in GCSE English, mathematics or both. The College SEND register contains referrals for 226 students (17% of the total cohort), including 30 with Education & Health Care Plans. The embrace and celebration of diversity in all of its forms have become defining characteristics of the College.

This is combined with a commitment to comprehensive education, which takes four forms.

1. The College offers courses at all levels, from entry level to level 4. In 2020/21, 68% of students were studying at level 3, 19% at level 2 and 13% at level 1 or below.
2. The College is non-selective, with one of the lowest GCSE points on entry in the sixth form sector
3. The breadth of curriculum is unusually broad for a sixth form college including applied courses such as Sport and Music Performance and Production and ESOL as well as A Level and GCSE programmes
4. The College seeks to offer an all-round *education* in which the personal qualities and attributes, such as ambition and intellectual curiosity – essential to a successful career – are deliberately and consistently fostered and developed.

The College has the following strategic objectives:

1. To meet key financial and operating system targets required to satisfy external assurance frameworks, avoid reputational damage and strengthen the long-term sustainability of the College.
 - a. An overall rating of “Good” in our next Ofsted inspection.
 - b. A rating of “Good” for financial health.
 - c. A student body of 1,200+ full-time 16-18 year-olds.
 - d. All audit reports give unqualified assurance.
2. To expand and strengthen an institutional culture – for students and staff – of openness, fairness and respect where high expectation and ambition are underpinned by a strong commitment to personal wellbeing and care.
3. To demonstrate our belief in the vital importance of continuing personal and professional development and of being always “open to learning” through a comprehensive programme of training and enrichment opportunities for both students and staff.
4. To extend, formalise and communicate more fully than before, the College’s commitment to the principles of equality, diversity and social justice.
5. To provide an excellent educational experience for students which equips them with the skills, qualifications and qualities to facilitate a successful progression to higher education, training or employment.

Members' Report (continued)

The College's financial objectives are:

- i. To create a sound financial base to facilitate and enable the successful delivery of the College's ten strategic aims;
- ii. To effectively resource study programmes and other academic and vocational provision to support the improvement of quality and student outcomes;
- iii. To provide financial stability and to increase confidence in its planning;
- iv. To generate confidence by the ESFA that the College shall be financially viable;
- v. To provide for a planned maintenance programme;
- vi. To generate surpluses for investment in:
 - new technology and equipment
 - the student experience
 - the professional development of staff
 - enabling the implementation of national pay awards
 - favourable terms and conditions of staff to facilitate their recruitment and retention

Performance Indicators

A series of performance indicators had been agreed to monitor the successful implementation of the policies.

Key financial health targets	2020-21		2021-22
	Target	Actual	Plan
Adjusted current ratio	1.13	0.70	1.28
Earnings before interest, taxes, depreciation and amortisation (EBITDA) vs income (Education)	2.86%	2.52%	5.47%
Borrowings as % of income	0.29%	0.87%	0.00%
Financial health rating	Requires improvement	Requires improvement	Good

The Key Performance Indicators shown here have been calculated using the methodology adopted by the Education and Skills Funding Agency and are taken from the Finance Record.

Other KPIs	2020-21		2021-22
	Target	Actual	Plan
Debt service cover	N/A	10.88	9.10
Cash generation from operations	N/A	5.74%	3.11%
Current ratio	0.54	0.40	0.70
Surplus vs income	N/A	(7.9)%	(1.9)%
Staff costs vs income	74.3%	71.5%	70.9%
Non-ESFA/GLA income	10.6%	10.7%	8.0%

Members' Report (continued)

New KPI targets have been added for 2021-2022 to reflect the proposed changes in ratios that have been proposed for use in calculating future financial health by the ESFA.

The College is committed to observing the importance of sector measures and indicators and use of the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). This provides the evidence for a financial health grading.

Members' Report (continued)

FINANCIAL POSITION

Financial results

The College met its funding allocations from the Education and Skills Funding Agency. The College incurred a deficit in the year of £645,000. In the prior year 2019-2020 the College incurred a deficit of £883,000.

The College continued its reduced reliance on agency staffing, incurring a cost of £77,000, down from £86,000 in 2019-20. Class sizes increased last year to an average of 16, which is a significant improvement in efficiency from previous years.

Staff costs increased in line with the increase in staff numbers (9 FTE) and the effective in-year pay increases amounting to 2.6%. A significant part of this increase in staff was due to the need for additional Learning Support Assistants.

The College has accumulated reserves of £4,259,000 and a bank overdraft of £48,000. The reserves included a revaluation reserve of £3,975,000 and an income and expenditure account of £284,000. The College recognises that it still faces a difficult financial future. The College has suffered successive operational deficits in recent years. The College has steadily improved its financial position since suffering a reduction of income from 2016-17 to 2019-20 of 26%. In 2020-2021 the number of 16-18 year olds increased by some 15% and this led to an exceptional in-year increase in its ESFA funding for young people, which is the College's main source of income.

In 2020-2021 the College completed its programme of investment in the College's estate and equipment funded through the £5 million sale of its former sports hall in April 2018. The funds had been shown as a designated reserve in previous years.

The College has continued to enjoy the results of the major refurbishment of the front of the College forming a new entrance foyer, Learning Resource Centre (LRC), Student Services area and an outdoor multi-use games area (MUGA) that were completed for September 2019.

In September 2020 the College opened the Herring Suite. This is a multifunction space that includes a café together with a large space used as a student social area, dance studio, exams hall and conference space.

The College has significant reliance on the Education and Skills Funding Agency as its principal funding source, largely from recurrent grants. In 2019-20 this funding body provided approximately 88% of the College's total income.

COVID-19

Largely as a consequence of dealing with the learning disruption of COVID, a new virtual remote desktop system was introduced for both students and staff. This has been a major investment and continuing cost for the College. The virtual remote desktops allow users to have the same look and high level of processing power regardless of the device that they use. This has enabled the College to extend and enhance the use made of its aged stock of computers. It also enabled the College to procure relatively low cost laptops for students to use during the second national COVID lockdown at the beginning of 2021. The College was able to lend 335 new laptops to students. These laptops are now used in the learning Resource Centre, in other parts of the College and for students' home use.

In common with all educational institutions COVID-19 has continued to have a profound effect on the life of the College in 2019-2020 and 2020-2021.

Members' Report (continued)

In the first lockdown from March 2020 to July 2020 the College was closed to all, but students in designated vulnerable groups. From June 2020 the College was opened to students who were due to return to the College in 2020-2021. BSix was able to make an immediate switch to online learning using primarily its Microsoft Teams and Sharepoint platforms. Despite the considerable efforts of the College staff, the online learning was not as effective as face-to-face teaching and learning. One issue was that BSix serves one of the most deprived student bodies in the country. One consequence of this was that a significant number of students had either restricted or no access at all to online learning as they did not have sufficient access to the necessary technology.

Students in the Autumn term 2020 continued to have their education disrupted through individual and groups of students having to isolate. In January 2021 there was a second national lockdown and the College closed to all but vulnerable group students. In common with schools and colleges, BSix re-opened to all students on 8 March 2021.

Although the College continued to receive almost all of its funding and income during the COVID period, the College suffered financially.

Catering income ceased entirely during the lockdown and the College once again engaged the services of Sodexo to provide supermarket food vouchers to recipients of the government's Free Meals Scheme and also to recipients of the College's own discretionary bursary schemes. Reluctantly, the College decided to again place its catering staff on the government's furlough scheme.

Senior managers supported by the governing body spent considerable time considering and preparing for the Autumn term in 2020-2021. The principal decision made was that all teaching would be face-to-face to the full extent allowed in the prevailing pandemic conditions. All other decisions flowed from this.

The following measures continued from 2019-20 or were introduced for 2020-2021:

- retaining a small cleaning team to implement an intensive cleaning regime in the limited areas of the College that were open to students and staff during national lockdowns;
- use of a thermal imaging camera;
- continued use of 24-hour anti-viral hand sanitizer stations at the front entrance;
- one-way and other restricted walking routes around the College with designated seating areas;
- free provision of face masks and other PPE;
- daytime cleaning increased with the introduction of new daytime cleaners;
- protective Perspex screens were installed at reception and in the canteen;
- perspex screens were used between workstations in classrooms;;
- perspex screens were used at the front of classrooms for teachers
- the wearing of face coverings was made compulsory for students and staff in all inside areas of the College with the exception of classrooms;
- each student was offered free protective face coverings on a daily basis.

The College refreshed its survey of its staff to assess individual risk to COVID. Meetings and further individual risk assessments were undertaken for staff at higher risk with appropriate measures agreed as needed.

Members' Report (continued)

Reserves

When the Sports Hall and adjacent car park were sold, £5 million was transferred to an unrestricted, designated reserve. At 1 August 2020 the designated reserve stood at £199,000. The remaining balance was fully expended in the year ended 31 July 2021. This amount represented that part of the College's cash reserves that had been regarded as 'ring-fenced' by the Education and Skills Funding Agency. It was calculated as being the proceeds of the sale of the Sports Hall and car park less amounts expended on capital items of expenditure. The ESFA verbally indicated that the College should aim for these funds to be expended on capital items.

£'000	Designated reserve
On sale of Sports Hall and car park	5,000
Designated expenditure in 2017-18	(593)
Balance at 31 July 2018	4,407
Designated expenditure in 2018-19	(2,594)
Balance at 31 July 2019	1,813
Designated expenditure in 2019-20	(1,614)
Balance at 31 July 2020	199
Designated expenditure in 2019-20	(199)
Balance at 31 July 2021	0

Over the period of the next few years, specific financial objectives are:

- To move to the generation of surpluses (before notional pension costs) from 2021-22 onwards;
- To plan to allow at least £100,000 of the bank overdraft facility to be unused in its period of peak usage in late March / early April 2022;
- To create cash reserves that progressively reduce the College's reliance on a bank overdraft facility;
- To ensure that the College does not fall into an 'Inadequate' financial health rating for any year;
- To complete the substantial programme of capital investment over the year to support the growth and restoration of student numbers (partly by continuing to enhance the student experience) to a recurring point in excess of 1,200 from 2021-2022.

Treasury policies and objectives

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

The College has a treasury management policy in place.

Members' Report (continued)

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement. All long-term borrowings have to be approved by the Corporation. The College has one small long-term SALIX loan in respect of an energy saving project.

Cash flows and liquidity

The College had a net cash inflow from its underlying operations of £468,000. In addition, the College invested £564,000 through capital expenditure and had a net cash outflow of £46,000 from other investing activities and financing activities. There was a resulting cash outflow of £142,000 for the reporting year.

The College has an overdraft facility of £750,000. This is an agreed on-going facility, subject to an annual review.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student achievements

Achievement rates in respect of all qualifications taken by students for the year are shown below.

Qualification level	2018/19	2019/20	2020/21	All colleges average
Level 1 & entry	78.6%	67.7%	63.3%	86.8%
Level 2	81.8%	92.8%	94.2%	84.3%
Level 3 vocational	86.5%	88.4%	81.7%	86.3%
A level	85.0%	94.0%	74.1%	n/a
Total	83.1%	88.2%	83.4%	85.7%

All colleges average

- 2018-19 National Achievement Rate tables
- Sixth form & GFE colleges only
- Excludes qualification types not offered by BSix

Achievement rates are defined as the number of students who gained their qualifications expressed as a percentage of those who started their courses.

The majority of the qualifications for 2020-2021 were awarded following a TAG (teacher assessed grade) process. However, most of the level 1 and entry qualifications continued to be awarded using their normal externally verified assessment process. The TAGs were awarded following a rigorous process of internal assignments and assessments with most of the latter sat in examination conditions.

The achievement rates for students at the College showed a decline except in level 2 qualifications. However, some aspects of student results reflect the fact that many students come to BSix having experienced difficulties and set-backs that meant they were unable to fulfil their potential at their former schools and colleges. The value added scores, where grades achieved at BSix are compared to students' prior achievement on entry to their course have improved significantly over four years. They are now among the top for sixth form colleges.

The significant fall in the achievement rate for A levels reflects BSix's change to linear A levels. This means that achievement is now measured over both years of A level courses. Retention of students in A levels is now the main factor in determining achievement rates. With the introduction of linear A levels occurring over a period that has included CAG (College Assessed Grades) and TAG (Teacher Assessed Grades) processes, the publication of National Achievement Rate tables has been suspended. The College management and staff do recognise that achievement rates need to continue to improve and this remains a priority for the current academic year (2021-2022).

Members' Report (continued)

Student Numbers and funding in 2020/21

- In 2020/21 the College had 1,114 (2019-2020: 979) ESFA funded 16-18 year-old students against a target of 1,122. The ESFA initially provided grant funding of £5,709,064 against a formula calculated figure of 979 funded students. BSix met the criteria for in-year growth funding and the grant funding was increased to £6,095,060 against a newly determined figure of 1,045 funded students.
- The College educated and supported 58 high needs students. The support costs for 41 students were met £216,000 by the ESFA and £178,182 by local authorities. 17 students were on a supported internship programme with £66,272 of special support costs funded through the employment, skills and adult learning department of Hackney Borough Council.
- The College generated £447,413 of funded activity in respect of 101 adult students (2019-20 £394,291 and 117 adult students). The ESFA and GLA applied special reconciliation rules that took account of the COVID lockdown and disruptions. Under these rules there was £586,886 of deemed fundable activity against its Adult Education Budget funding allocation of £621,871. This means that the ESFA and GLA will seek to claw-back £34,985 of their funding in January 2022. This has been provided for in the current year.
- The College also enrolled 17 students aged below 16, paid for by their home Local Education Authority (LEA).

Rising to the challenge

In April 2018 the governors embarked on a strategy to revitalise the College's finances. The first stage was to generate a substantial cash reserve in order to allow the College the time and resources needed to pursue a financial recovery plan. This was achieved through the sale of the College's Sports Hall and adjacent car park, which were under-utilised at the time.

The second stage was to reinvigorate the College's management and capacity to deliver an agreed, challenging strategy. The Corporation appointed a new Principal, Kevin Watson to lead the College. To assist him, the Corporation created a new senior management team of three Vice Principals. These posts are designated as senior postholder positions meaning that they report directly to the Corporation in respect of their remits and for them, together with the Principal, to be directly accountable for the delivery of the strategy set and agreed by the Corporation.

Next, the governors set the Principal and the Vice Principal – Finance & Resources the task of creating a stretching, but realistic recovery plan by the end of July 2018 for the years 2018 to 2022. The overarching aims of this plan were:

- i. To significantly cut the financial deficit and then to bring the College to a breakeven position. This would then be built upon to generate future surpluses for reinvestment into College resources;
- ii. To bring the College to outstanding financial health over the period of the plan, whilst avoiding inadequate ratings;
- iii. To monitor and control cash flows to prevent financial failure and to allow the acquisition of resources;
- iv. To increase student numbers to reach and retain a sustainable level;
- v. To implement the recovery plan whilst maintaining the essential ethos of the College.

The governors set the Principal the objective of creating a comprehensive programme to significantly improve the quality of the College's provision.

Members' Report (continued)

Progress against challenges

The Chair of the Corporation and governors have set strategic objectives intended to bring rapid improvement and recovery to the College. They regularly monitor progress against these objectives.

In previous years the College was issued with Financial Notices to Improve from its regulator, the Education and Skills Funding Agency (ESFA). The categories of these notices were:

- i. Financial health (March 2017) – lifted on 22 July 2021;
- ii. Financial control (June 2017, revised November 2017) – lifted on 2 October 2020.

As a result of the lifting of these notices, BSix has moved out of formal intervention. The College had then remained in the early intervention process for a short period until it was re-inspected by Ofsted and achieved a rating of 'Good'. The College until recently, had regular case conference meetings with the ESFA together with periodic stocktake visits from the FE Commissioner. Similarly, during intervention, the FE Commissioner had set formal recommendations and then checked on progress made against them.

Quality of education and student outcomes –

Ofsted undertook a full inspection of the College in October 2021. It rated the overall effectiveness of the College as 'Good'. Ofsted noted the ambitious improvement programme set by the governors and that the students now receive a good quality of education. Students were reported to be developing new knowledge and skills, producing high standards of work.

Safeguarding –

In its 2021 full inspection, Ofsted found that the College's arrangements for safeguarding are effective.

FE Commissioner intervention –

An FE Commissioner team visited the College in October 2021 as the closing part of its formal intervention processes. The FE Commissioner had formally closed its intervention of the College in July 2021. The resultant report noted that all previous recommendations had been completed and that the College had made significant progress since being placed into formal intervention.

The report noted that the Chair of the Corporation and the Principal had made a not to be underestimated impact on providing a foundation to allow the College to improve quality in the context of a highly challenging financial environment. The report found that the board members that it had met to be highly skilled, effective and supportive of the College. The senior leadership had continued to demonstrate strong leadership skills.

Members' Report (continued)

Future prospects

The College adopted a strategy and plan which assumed that student numbers would be restored to a level of 1,200 16-18 year-olds over a three year period.

The College's 2021-2022 ESFA grant funding for 16-18 students has been confirmed at £6,723,938 (2020-2021 £6,095,385).

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main college site offset by a £0.7 million deficit in net current assets.

Financial

The College has £4.5 million of net assets after deducting a pension liability of £3.5 million.

People

The College on average employed 114 people (expressed as full time equivalents) of whom 58 were teaching staff (2019-20 105 and 59 respectively).

Reputation

The College continues to pursue its plans to raise its reputation. The governors and senior management have determined that maintaining a reputation for high quality is essential for the College's success in attracting students and external relationships. This continues to be achieved through measures that include:

- Relentless efforts to improve the academic and vocational outcomes for students;
- Curriculum provision that provides opportunities for young people to re-start their education and career prospects;
- Comprehensive, caring and supportive "wrap-around" services for students to enable them to study and to progress in the face of adverse circumstances common for many of our students.
- A refurbishment of the ground floor shared student spaces that provide frontline student services, learning resource areas, eating and social areas;
- Provision of an outdoor Multi Use Games Area (MUGA) and extensive fitness suite and gym facilities;
- Re-modelling of an area of administration offices to form a large multi-function space, the Herring Suite that is primarily a student social space with café. It also functions as a large hall, exhibition space, dance studio and exams hall. During 2020-2021 it also housed the College's COVID testing centre;
- A new online student careers portal.

Members' Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The College worked over recent years to overhaul its risk management, health and safety and other procedures. This included a fresh review of the strategic risks faced by the College.

Outlined below is a description of the principal risk factors that are faced by the College. Not all the factors lie within the College's control. Other factors besides those listed below might also adversely affect the College.

Principal risk	Status with existing controls	Comments
Failure to recruit sufficient students	High	The recruitment of students has a direct effect on the levels of grant funding available to the College. Recruitment has increased over the last two years but remains a challenge in 2021-2022.
Financial health declines and deficits continue in the future	High	The College's financial health is currently 'Requires improvement'. However, the College has suffered significant deficits, which are forecast to continue until August 2022.
A disaster causes business failure	Medium	The College has a business continuity policy and emergency plan in place. This is regularly updated.
Staffing does not meet the needs of the College	Medium	The College continues to focus on the development of its staff and managers. Reliance on agency staffing is low.
Learners are not fully supported in their studies and with their overall college experience	Medium	There is a continuing focus on the work of tutors to oversee the study programmes of their tutees
Teaching and learning falls below good and better	Low	Quality of education has been assessed as 'Good' in the most recent Ofsted inspection. Managers are aware of aspects in which further improvement is needed and have developed plans accordingly.
Poor governance and management	Low	Leadership and management is now rated as 'Good' by Ofsted who noted that the governors provide effective scrutiny of actions taken to improve provision.

Members' Report (continued)

Other risks include:

Government funding -

The College has considerable reliance on continued government funding through the further education sector funding body. In 2020/21, 99.1% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. As is always the case for post-16 education, there is no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

Following a national decline in the number of 16-18 year-olds, the College has, since September 2019, seen an increase in its student catchment areas and age groups.

A government public spending review is expected to reach an outcome in October 2021 that will determine spending on education for the next few years. This spending review has occurred in a time that has seen unprecedented levels of public spending on measures to combat the effects of the COVID pandemic.

Maintain adequate funding of pension liabilities -

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, BSix has many stakeholders. These include:

- Students;
- Parents, carers and guardians;
- Education and Skills Funding Agency;
- Department for Education;
- FE Commissioner;
- Staff;
- Local employers;
- London Boroughs;
- Greater London Authority;
- Hackney Learning Trust;
- The local community;
- Other FE institutions and feeder schools;
- Trade unions;

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

GOING CONCERN

In November the Corporation reviewed and updated its financial plans for periods up to July 2023, together with detailed monthly cash flow projections over the same period. It has also considered the detailed underlying assumptions to those plans and projections and their associated risks. A sensitivity and risk analysis has been undertaken on the major sources of income and on staffing and non-pay costs. The Corporation has judged that its financial plans are sufficiently robust to provide an accurate picture of the finances over the period to July 2023.

The funds arising from the sale of the Sports Hall and adjoining car park in 2018 were designated for capital projects. This enabled the College to make a significant investment in its estate and equipment during recent years in which sizeable revenue deficits were suffered. This investment has driven student growth in recent years and the College continues to invest in its facilities to further improve the student experience.

Members' Report (continued)

Student enrolment at the start of the 2021-2022 was disappointing, being below targets and expectations. There appear to be several factors in play:

- The use of teacher assessed grades (TAGs) in schools has meant that more year 11 pupils have attained grades that have enabled them to gain entry to their own school's sixth form or to first choice college courses in their local area;
- COVID has made some young people (and/or their parents) less inclined to make longer journeys on public transport to colleges outside of the vicinity of their homes;
- The growing reputation of BSix has not yet been sufficient to make it the first choice of most school leavers.

Enrolment for 2021-2022 has continued with the January 2022 start of the 'Back on Track' Programme. This will take 40 students on to study programmes that will enable them to re-start their post-16 education and achieve qualifications that take them either to the next level of education or direct into employment. These students have typically come from other schools and colleges and had either failed or dropped out of a previous course or who have found that they were on a course that did not suit them.

The recent Ofsted inspection grade of 'Good' received in October 2021 is expected to have a very positive impact on future recruitment. Already several schools in Hackney and beyond have begun to work much closer with BSix in determining progression routes for their year 11 pupils.

However, the consequent lagged funding income for 2022-2023 will not grow sufficiently to outgrow the rise in pay and non-pay costs to an extent that will reduce the deficit for that year. Although cashflow forecasts show that the College has sufficient funds to operate in 2022-2023, it will remain a difficult year financially. The College will also be dependent on the retention of its bank overdraft facility.

In April 2021 the College worked with its bankers to increase the overdraft facility by £250,000 to £750,000. This facility is secured by a charge over the College's property. As the facility is a small proportion of the value of the property, the bank's risk is low and no issues are foreseen with regard to the facility.

In preparing these financial statements, the Corporation has given careful and special consideration to the continuation of the College on a going concern basis. The basis of this judgement is set out in the Going Concern Accounting Policy note on pages 42 and 43. The Corporation is confident that the College has the appropriate resources to continue in operational existence for the foreseeable future and has accordingly continued to adopt the going concern basis in the preparation of these financial statements.

COVID

2020-2021 is the second academic and financial year that has been severely impacted by the effects of the COVID pandemic.

On the academic side students have experienced considerable disruption to their education caused by national lockdowns and by group and individual periods of isolation. The College was able to build on its experience of delivering education remotely that it gained in the previous year. During the year this was improved with the main improvements being:

- Staff training on remote education and online platforms at the beginning of the year;

Members' Report (continued)

- Trial remote learning days to test the capacity of students and staff to fully utilise remote delivery;
- A move to having almost all resources accessible remotely;
- A roll-out of 230 laptops at the time of the 2021 lockdown;
- The wholesale roll-out of virtual remote desktops linked to Microsoft 365 applications and cloud storage.

Unfortunately, there was a major adverse impact on the College's recovering finances. The move the virtual remote desktops and online services cost £305,000 over and above the anticipated IT costs for the year. Some of the additional cost arose from duplicate support and software application licencing where a more orderly and paced move to virtual remote desktops and online services was rendered almost impossible by COVID. The main Microsoft licensing became unbalanced with the 'pay-as-you-go' element costs soaring with intensive online usage.

Premises based COVID measures cost £74,000. These included specialist hand sanitizer, biomisting, additional daytime cleaners and PPE.

Equal opportunities

Equality and discrimination has become a 'hot' topic. Continuing but shocking incidents that occurred in both the USA and UK gave rise to the Black Lives Matter movement. This is a major area of concern for students and staff who live, learn and work in Hackney and its surrounding boroughs. Many of our students and staff too experience discrimination and prejudice in their everyday lives.

The College, its staff and pupils have looked to address equality and to tackle discrimination within education and life at the College. This has included raising awareness of issues, celebrating the work of black and minority ethnic individuals in the UK and across education to looking at the curriculum itself. First steps are being made to identify and address colonialism in the curriculum. This will continue.

Another major issue in schools and colleges is 'rape culture'. This concerns the practice of tackling the normalisation of unacceptable behaviour, centred around sexual and gender-based discrimination, violence and abuse. Ofsted have undertaken a study of schools and colleges and found that the rape culture is prevalent in all schools and colleges. Along with almost all schools and colleges, BSix has adopted the basis assumption that rape culture exists here too. That assumption has then led to identification of actions needed. This has included staff training in the Autumn term 2021 and to its inclusion in the student tutorial programme for 2021-2022.

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

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and published the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee has become disabled, every

Members' Report (continued)

effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

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

Public benefit

The College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 23. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 1,200 students, including 30 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and mathematics courses. The College adjusts its courses to meet the needs of local employers. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses or employment for as many students as possible regardless of their educational background.

Members' Report (continued)

Disability statement

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

1. As part of its accommodation strategy the College updated its access audit and the results of this formed the basis of funding capital projects aimed at improving access.
2. The College has a Student Welfare Advisor, who provides information, advice and arranges support where necessary for students with disabilities.
3. There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the Library.
4. The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
5. The College has made a significant investment in the appointment of staff to support students with learning difficulties and/or disabilities. There are a number of Student Support officers who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
6. Specialist programmes are described in College prospectus, and achievements and destinations are recorded and published in the standard College format.
7. Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

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

Number of employees who were relevant union officials during the relevant period	FTE employee number
2	1.4

Percentage of time	Number of employees
0%	0
1-50%	2
51-99%	0
100%	0

Total cost of facility time	£15,871
Total pay bill	£5,749,501
Percentage of total bill spent on facility time	0.28%
Time spent on paid trade union activities as a percentage of total paid facility time	100%

Members' Report (continued)

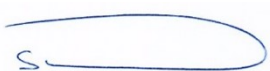
Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days was 95%. During the accounting period 1 August 2020 to 31 July 2021, the College paid 91% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation of The Brooke House Sixth Form College on 22 December 2021 and signed on its behalf by:

A blue ink signature, appearing to be 'S. Blackshaw', written in a cursive style.

Stephen Blackshaw, Chair

A blue ink signature, appearing to be 'Kevin Watson', written in a cursive style.

Kevin Watson - Principal

Governance statement

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

The College endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. In full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. Having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the FRC in 2012. Its purpose is to help the reader of the accounts understand how the principles have been applied.

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

Governance statement

The Corporation

The list of members who served on the Corporation during the year and up to the date of signature were as follows:

Corporation member	Appointment date	Term of office	Status of appointment	Committees served	Attendance in 2019-20
Stephen Blackshaw (Chair)	April 2016 April 2020	4 years	External	F&GP Remuneration, Search, Standards, Equality & Diversity	100%
Jonathan Beake	July 2018	4 years	External	F&GP	25%
Martin Buck	April 2018	4 years	External	Standards, Equality & Diversity	100%
James Cross	January 2018	4 years	External	Audit	100%
Michael Desmond	January 2015 January 2019	4 years	External		75%
Annie Gammon	December 2018	4 years	External	Standards	50%
Roda Abdi Hassan	November 2020	1 Year	Student		33%
Sheridan Mangal	December 2018	4 years	External	Audit, Equality & Diversity	100%
Adam O'Brien	September 2020	2 years	Staff	Standards	75%
Erin O'Shaughnessy	November 2021	1 year	Student		33%
Sally Townsend (Vice Chair)	January 2018	4 years	External	Remuneration, Search, F&GP, Equality & Diversity	100%
Kevin Watson (Principal)	May 2018		Ex officio	F&GP, Standards, Search, Equality & Diversity	100%

Governance statement

During the reporting year the following persons served as members of the Corporation, but have since resigned

Former member of the Corporation	Appointment date	Resigned	Status of appointment	Committees served	Attendance in 2019-20
Adeshola Onakoya	September 2019	July 2021	Staff	Standards	100%
Princess Anazodo Awunor	December 2019	July 2021	Parent		0%

For new Governors and for those whose term has ended, attendance is based on the number of meetings held during period of office.

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

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

The Corporation conducts its business during the year through a number of committees. Each committee has terms of reference, which have been approved by the Corporation and are regularly reviewed. These committees were Finance and General Purposes, Remuneration, Search, Audit and Standards. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Brooke House Sixth Form College
Kenninghall Road
Hackney
London
E5 8BP

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

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

Governance statement

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years, after four years reappointment is required which takes into account contribution made and skill requirements of the Corporation.

Remuneration Committee

Throughout the year ending 31 July 2021, the College's remuneration committee comprised two members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2021 are set out in note 5 to the financial statements.

Audit Committee

The Audit Committee comprised two members of the Corporation (excluding the Accounting Officer and Chair) to 31 July 2021. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

Search Committee

The Corporation has a Search Committee consisting of three members of the Corporation, including the Principal, which is responsible for the selection and nomination of any new member for the Corporation's consideration.

Governance statement

Standards Committee

The Standards Committee comprises of six members of the Corporation including the Principal and two staff members; other members of the Senior Management Team attend as required. The Committee scrutinises College data on success, achievement, retention and attendance. It also identifies areas for concern and holds managers and departments to account for their performance. The Committee analyses qualitative data, including presentations by students, in order to gauge the quality of the student experience at the College. A variety of other reports are also submitted to the Committee as a result of the College's internal quality processes. All the major conclusions and actions arising are reported to the full Corporation.

Finance and General Purposes Committee

The Finance and General Purposes Committee comprises four members of the Corporation (including the Principal) and meets at least once each term. The Committee operates to written terms of reference approved by the Corporation.

The remit of the Committee covers physical resources utilisation, implementation of best practice in management of health and safety, employment and management of finances.

The Corporation has delegated the Finance and General Purposes Committee to advise members on employment, financial and resources issues in the context of agreed College policies, practices and delegation. The Committee receives and considers the audited Annual Financial Statements for approval by the Corporation. It also monitors and advises the Corporation on the progress of the financial and resource aspects of the development and strategic plans of the College.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Governance statement

The purpose of the system of internal control

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

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The process for identifying, evaluating and managing the College's significant risks operated on a formal basis for the year ended 31 July 2021. The College operates a formal ongoing process for identifying, evaluating and managing the College's significant risks. This process and the risks themselves are regularly reviewed by the Corporation.

The risk and control framework

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

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

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

Governance statement

Review of effectiveness

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

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

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place. A number of weaknesses were identified by the Internal Auditors during the year which are being addressed by management.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2021.

The Head of Internal Audit in his annual report stated that TIAA is satisfied that, for the areas reviewed during the year, BSix Sixth Form College has reasonable control and governance processes in place. However, a number of improvement matters have been identified and brought to the attention of the College.

The financial statements auditor in his external audit management report had noted a very small number of minor control issues that are currently being addressed by the College. None of these had made an impact on the Financial Statements.

The College has also implemented and cleared most of the recommended actions set by the ESFA and FE Commissioner. Some recommendations relating to financial performance and student recruitment are on-going.

Governance statement


Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, which enables management to respond to identified weaknesses on a timely basis, accordingly it has fulfilled its statutory responsibility for *“the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”*.

Approved by order of the members of the Corporation on 22 December 2021 and signed on its behalf:

Signed:

A blue ink signature, appearing to be 'S. Blackshaw', written in a cursive style.

Stephen Blackshaw, Chair

A blue ink signature, appearing to be 'Kevin Watson', written in a cursive style.

Kevin Watson - Principal

Statement of regularity, propriety and compliance

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

We confirm, on behalf of the Corporation, that after due enquiry and to the best of its knowledge, it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education and Skills Funding Agency's terms and conditions of funding under the College's funding agreement.

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

Approved by order of the members of the Corporation on 22 December 2021 and signed on its behalf:

Signed:

A blue ink signature consisting of a stylized 'S' followed by a horizontal line.

Stephen Blackshaw, Chair

A blue ink signature that appears to read 'Kevin Watson' in a cursive style.

Kevin Watson - Principal

Statement of the responsibilities of members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period. In preparing the financial statements the Corporation is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Statement of the responsibilities of members of the Corporation

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the college's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 22 December 2021 and signed on its behalf:

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line that curves upwards at the end.

Stephen Blackshaw, Chair

Independent Auditor's Report to the Members of the Corporation of Brooke House Sixth Form College

Opinion

We have audited the financial statements of Brooke House Sixth Form College for the year ended 31 July 2021 which comprise the statement of comprehensive income, the statement of changes in reserves and balance sheets, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Corporation 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of the Corporation of Brooke House Sixth Form College

Matters on which we are required to report by exception

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

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

Responsibilities of Governors

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

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

Independent Auditor's Report to the Members of the Corporation of Brooke House Sixth Form College

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- To address the risk of fraud through management bias and override of controls, we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the college and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

 Hugh Swainson

Buzzacott LLP
130 Wood Street, London
EC2V 6DL

Date: 23.12.2021

Reporting Accountant's Assurance Report on Regularity to the Corporation of Brooke House Sixth Form College and the Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter and further to the requirements of the financial memorandum/funding agreement with the ESFA we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Brooke House Sixth Form College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Respective responsibilities of Brooke House Sixth Form College and the reporting accountant

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

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

Reporting accountant's assurance report on regularity

Our responsibilities for this engagement are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the year ended 31 July 2020 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities that govern them.

Basis of opinion

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

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

Reporting Accountant's Assurance Report on Regularity to the Corporation of Brooke House Sixth Form College and the Secretary of State for Education acting through the Department for Education ("the Department")

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the College's income and expenditure. The work undertaken to draw our conclusion included:

- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the relevant framework;
- Reviewing the Corporation minutes relevant to our consideration of regularity;
- Testing transactions with related parties;
- Testing a sample of payments to suppliers and a sample of payroll payments to staff.

Opinion

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

Use of our report

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



Buzzacott LLP
130 Wood Street, London
EC2V 6DL

Date: 23.12.2021

Statement of Comprehensive Income and Expenditure

	Notes	2021 College £'000	2020 College £'000
INCOME			
Funding body grants	2	7,103	5,976
Tuition fees and education contracts	3	967	804
Other grants and contracts	4	66	-
Other income	5	296	311
Endowment and investment income	6	-	4
Donations and Endowments	7	105	-
Total income		8,537	7,095
EXPENDITURE			
Staff costs	8	6,093	5,291
Other operating expenses	9	2,100	1,785
Depreciation	11	918	838
Interest and other finance costs	10	71	64
Total expenditure		9,182	7,978
Deficit before other gains and losses		(645)	(883)
Gain on disposal of assets		-	-
Deficit before tax		(645)	(883)
Taxation		-	-
Deficit for the year		(645)	(883)
Actuarial loss in respect of pensions schemes		(32)	(626)
Total Comprehensive Income for the year		(677)	(1,509)

The Statement of Comprehensive Income is in respect of continuing activities

Statement of changes in reserves

	Income and Expenditure account	Designated Reserves	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
College				
Balance at 1st August 2019	517	1,813	4,115	6,445
Deficit from the income and expenditure account	(883)	-	-	(883)
Other comprehensive income	(626)	-	-	(626)
Transfer between designated and undesignated reserves	1,614	(1,614)	-	-
Transfers between revaluation and income and expenditure reserves	70	-	(70)	-
	175	(1,614)	(70)	(1,509)
Balance at 31st July 2020	692	199	4,045	4,936
Deficit from the income and expenditure account	(645)	-	-	(645)
Other comprehensive income	(32)	-	-	(32)
Transfer between designated and undesignated reserves	199	(199)	-	-
Transfers between revaluation and income and expenditure reserves	70	-	(70)	-
Total comprehensive income for the year	(408)	(199)	(70)	(677)
Balance at 31st July 2021	284	-	3,975	4,259

Balance Sheet as at 31 July 2021

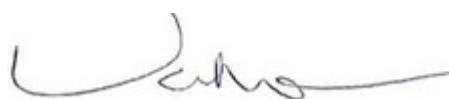
	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	11	16,469	16,823
		16,469	16,823
Current assets			
Trade and other receivables	12	528	439
Cash and cash equivalents		4	96
		532	535
Less: Creditors – amounts falling due within one year	13	(1,263)	(926)
Net current liabilities		(731)	(391)
Total assets less current liabilities		15,738	16,432
Less: Creditors – amounts falling due after more than one year	14	(7,788)	(8,130)
Provisions			
Defined benefit obligations	16	(3,691)	(3,366)
Total net assets		4,259	4,936
Unrestricted reserves			
Income and expenditure account		284	692
Designated reserve	22	-	199
Revaluation reserve		3,975	4,045
Total unrestricted reserves		4,259	4,936
Total reserves		4,259	4,936

The financial statements on pages 38 to 66 were approved and authorised for issue by the Corporation on 22 December 2021 and signed on its behalf on that date by:

Signed:



Stephen Blackshaw, Chair



Kevin Watson – Accounting Officer

Statement of cash flows

	2021 £'000	2020 £'000
Cash inflow from operating activities		
Deficit for the year	(645)	(883)
Adjustment for non cash items		
Depreciation	918	838
(Increase)/decrease in debtors	(89)	39
Increase/(decrease) in creditors due within one year	277	(274)
Increase/(decrease) in creditors due after one year	(308)	(397)
Pensions costs less contributions payable	244	170
Adjustment for investing or financing activities		
Investment income	-	(4)
Interest payable	71	64
	<u>468</u>	<u>(447)</u>
Net cash flow from operating activities	<u>468</u>	<u>(447)</u>
Cash flows from investing activities		
Investment income	-	4
Payments made to acquire fixed assets	(564)	(1,299)
	<u>(564)</u>	<u>(1,295)</u>
Cash flows from financing activities		
Interest paid	(22)	(9)
New unsecured loans	-	-
Repayments of amounts borrowed	(24)	(24)
	<u>(46)</u>	<u>(33)</u>
Decrease in cash and cash equivalents in the year	<u>(142)</u>	<u>(1,775)</u>
Cash and cash equivalents at beginning of the year	96	1,871
Cash and cash equivalents at end of the year	(46)	96

Notes to the accounts (continued)

1 Accounting Policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting in Further and Higher Education* (the FEHE SORP), the College's Accounts Direction for 2019/20 Financial Statements and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared under the historical cost convention modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

The financial statements are prepared on a going concern basis which assumes that the College will continue in operational existence. The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

At the Balance Sheet date the College had a Salix loan of £23,000 and had an overdraft facility of £750,000. The overdraft facility is secured by a legal charge taken over the College's land and property. The facility agreement has no end date but there is provision for annual reviews. Although there are no financial covenants on the facility, there are requirements for providing quarterly management accounts, annual financial statements and annual budgets by set deadlines.

In September 2021 the College had not recruited sufficient 16-18 funded students to meet its recruitment target as set out in the financial plan created in July 2021. This means that the corresponding grant funding for the following year, 2022-2023 will be some £800,000 lower than had been anticipated in that plan. In isolation, this would place considerable pressure on the finances for that year, especially as pay and non-pay expenditure continues to increase. However, this drop in funding is mitigated by some additional sources of income and reduced staffing costs.

Notes to the accounts (continued)

Senior leaders and the Corporation reviewed and updated the College's financial plan in December 2021. Recently announced funding changes and additional grants will offset the reduction in 16-18 activity-based funding for 2022-2023 by £320,000. The new plan includes a sensitivity and risk analysis for significant areas of income and expenditure to assess the robustness of the plan. The plan shows annual deficits on Total Comprehensive Income of approximately £400,000 and £700,000 for the years ending 31 July 2022 and 31 July 2023 respectively. These deficits are stated after charges for depreciation and non-cash provisions of £996,000 and £244,000 for each year respectively such that the underlying surpluses are £840,000 and 540,000 respectively. The plan also shows that the maximum overdraft position for the period to 31 July 2023 will occur in April 2023 but that there will be an acceptable and appreciable margin against the overdraft facility limit.

These results, whilst dampening the recent history of continuing financial improvement, will mean that the College remains outside of the regulator's formal intervention process. Financial health ratings, as determined by its regulator, the Education and Skills Funding Agency, will fall from 'Good' in 2021-2022 to 'Requires improvement' in 2022-2023. There is appreciable headroom available in 2022-2023 before the College would trigger the intervention process.

The Corporation has determined that the financial statements should be drawn up under the assumption that the College will remain as a going concern. This opinion is based on the following reasons:

- i. the College has an on-going agreement in place for an overdraft facility of £750k. This was renewed and increased from £500k in April 2021 and there is no reason to believe that the bank will withdraw this facility;
- ii. The financial plans show that the College has an expectation of not suffering a financial health rating that is worse than 'Requires improvement'. This will avoid BSix moving into formal intervention;
- iii. The monthly cash flow forecast shows that the College will have an acceptable and appreciable headroom against its overdraft position at its lowest point in March/April 2023.
- iv. Sensitivity and risk analysis shows that the financial plan is robust and that the risk of moving to a position that adversely affects going concern is reasonably low;
- v. The recent success in achieving an Ofsted inspection rating of 'Good' will have a significant effect on the future recruitment of students. Already, local schools have separately contacted the College to express their wish to work more closely with BSix;
- vi. External stakeholders are supportive of the College. These include the ESFA and FE Commissioner. These parties are supportive of the needs that the College meets in its community. They support the College remaining as on a standalone basis;
- vii. The FE Commissioner has acknowledged that in the event that the College were to experience major adverse factors in the future that upset its financial stability or that increase risks to a significant point, the Corporation has time to re-structure its status and governance structure in a way that would enable the continuance of its educational operations and retain a high level of autonomy.

Notes to the accounts (continued)

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments; the income recognised is the allocation for the year.

Income from Tuition Fees is recognised in the period for which it is received and includes all fees charged to students or their sponsors. All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

Capital grant funding

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

Post retirement benefits

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

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

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

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

Notes to the accounts (continued)

Short term Employment benefits

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

Non-current Assets - Tangible fixed assets

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

Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) at incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost as open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of the assets and the actual charge for the year calculated on the revalued amount is released to the Statement of Comprehensive Income reserve on an annual basis. Buildings improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 10-50 years depending on their estimated useful life.

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

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2002, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Notes to the accounts (continued)

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it increases the future benefits to the College and meets the criteria below, in which case it is capitalised and depreciated on the relevant basis:

Equipment

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

All assets are depreciated over their useful economic life as follows:

General equipment	four years;
Computer equipment	four years;
Furniture, Fixtures and Fittings	five years.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment. Capital grants financing equipment costing under £1,000 are fully released into the income and expenditure account in the period of acquisition.

Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Cash and cash equivalents

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

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

Notes to the accounts (continued)

Financial liabilities and equity

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

All loans, investments and short term deposits held by the 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 financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The College is not registered with HMRC for VAT purposes, nonetheless, the College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006 and as such is a charity within the meaning of Paragraph 1 schedule 6 Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT.

Provisions and contingent liabilities

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

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

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

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

Notes to the accounts (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- ***Tangible fixed assets***

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

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 14, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 to value the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the accounts (continued)

2 Funding Body Grants

	2021 £'000	2020 £'000
Recurrent grants		
Education and Skills Funding Agency – 16 -18	6,311	5,174
Education and Skills Funding Agency - adult	13	156
Specific Grants		
16-19 Tuition Fund grant	142	-
Teacher Pension Scheme contribution grant	203	226
Releases of government capital grants	383	366
Education and Skills Funding Agency - other grants	51	54
	7,103	5,976

3 Tuition Fees and Education Contracts

	2021 £'000	2020 £'000
Tuition fees		
Adult education fees	-	2
Fees for examination registration	9	-
Education contracts		
Adult skills grant (GLA)	574	412
High needs students	245	209
14-15 year old students	119	181
Skills for Londoners COVID-19 response fund (GLA)	20	-
	967	804

4 Other Grants and Contracts

	2021 £'000	2020 £'000
COVID-19 testing grants (ESFA)	37	-
Coronavirus Job Retention Scheme grant	16	-
COVID Workforce Grant (ESFA)	13	-
Other grants and contracts	0	-
	66	-

Notes to the accounts (continued)

5 Other Income

	2021 £'000	2020 £'000
Catering and residences	243	222
Other income generating activities	53	89
	<u>296</u>	<u>311</u>

6 Endowment and Investment Income

	2021 £'000	2020 £'000
Other interest receivable	<u>-</u>	<u>4</u>
	<u>-</u>	<u>4</u>

7 Donations and Endowments

	2021 £'000	2020 £'000
Unrestricted donations	<u>105</u>	<u>-</u>
Total	<u>105</u>	<u>-</u>

Notes to the accounts (continued)

8 Staff Costs

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

	2021 No.	2020 No.
Teaching staff	64	64
Non teaching staff	60	51
Average number of staff	124	115

	2021 FTE	2020 FTE
Teaching staff	58	59
Non teaching staff	56	46
Average full time equivalent staff	114	105

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	4,334	3,866
Social security costs	467	426
Other pension costs	1,193	904
Payroll sub total	5,994	5,196
Contracted out staffing services	77	86
	6,071	5,282
Fundamental restructuring costs - contractual	22	9
non contractual	-	-
	6,093	5,291

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team which comprised the Principal, Vice Principal – Curriculum and Quality, Vice Principal – Student Services and Vice Principal – Finance and Resources.

Notes to the accounts (continued)

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	4	4

The number of key management personnel (senior post-holders) and other staff (with the required disclosure starting at £60,000) who received annual emoluments, excluding pension contributions, employer's National Insurance and redundancy costs, but including benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£1 to £40,000	-	-		
£40,001 to £50,000	-	-		
£50,001 to £60,000	-	-		
£60,001 to £70,000	-	2	-	-
£70,001 to £80,000	3	1	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	1	-	-	-
£100,001 to £110,000	-	1	-	-
£110,001 to £120,000	-	-	-	-
	4	4	-	-

The salary band comparisons for senior post-holders in the previous year reflect the varying appointment start dates for the Vice Principals in that year.

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Salaries - gross of salary sacrifice and waived emoluments	306	327
Employers National Insurance	37	40
Benefits in kind	-	-
	343	367
Pension contributions	40	36
Payments to third parties	-	-
Compensation for loss of office	-	-
Total emoluments	383	403

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

Notes to the accounts (continued)

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2021 £'000	2020 £'000
Salaries	91	110
Benefits in kind	-	-
	<u>91</u>	<u>110</u>
Pension contributions	<u>2</u>	<u>-</u>

The governing body adopted AoC's Senior Staff Remuneration Code in December 2019 and assesses pay in line with its principles.

The remuneration package of the Principal is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal reports to the Chair of the Corporation, who undertakes an annual review of his performance against the College's overall strategic objectives using both qualitative and quantitative measures of performance.

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

Relationship of Principal's pay and remuneration expressed as a multiple:	
Principal's basic salary as a multiple of the median of all staff	2.39
Principal's total remuneration as a multiple of the median of all staff	2.39

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

Notes to the accounts (continued)

9 Other Operating Expenses

	2021	2020
	£'000	£'000
Teaching costs	365	354
Non teaching costs	1,157	943
Premises costs	578	488
Total	2,100	1,785

Other operating expenses include:	2021	2020
	£'000	£'000
Auditor's remuneration:		
Financial statements audit	19	17
Internal audit	6	31
Other services provided by the financial statements auditors	-	-
Hire of assets under operating leases	32	30

10 Interest payable

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	22	9
	22	9
Net interest on defined pension liability (note 16)	49	55
Total	71	64

Notes to the accounts (continued)

11 Tangible Fixed Assets

	Land and buildings £'000	Equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 August 2020	21 290	2 916	802	5	25 013
Additions	170	382	12	-	564
At 31 July 2021	21 460	3 298	814	5	25 577
Depreciation					
At 1 August 2020	5 846	2 033	310	1	8 190
Charge for the year	401	349	166	2	918
At 31 July 2021	6 247	2 382	476	3	9 108
Net book value at 31 July 2021	15 213	916	338	2	16 469
Net book value at 31 July 2020	15 444	883	492	4	16 823

The College's overdraft facility of £750,000 is secured by way of a legal charge over the College's land and buildings in favour of Barclays Bank Plc, who are the College's bankers.

The College commissioned a valuation of its land and buildings, which was completed in February 2021 by GeraldEve, for the purpose of setting up the security provided to Barclays. The market value was placed at £19,600,000. The College has not updated the carrying value of land and buildings for the purpose of these financial statements.

Inherited Land & Buildings

Inherited land and buildings were valued on transfer in 2002 at a value determined by the District Valuer at £7,000,000. During 2017-2018 a portion of the inherited assets with a net book value of £1,035,724 were disposed of (see note 8). The remaining inherited land and buildings have a net book value of £3,975,694 at 31 July 2021. Depreciation for the year on the inherited buildings was £56,000.

Notes to the accounts (continued)

12 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	107	99
Prepayments and accrued income	421	340
Total	528	439

13 Creditors: Amounts Falling Due within One Year

	2021 £'000	2020 £'000
Bank loans and overdrafts	48	-
Other loans	23	11
Trade payables	120	176
Other taxation and social security	234	205
Other creditors	8	-
Accruals and deferred income	35	29
Accruals - holiday pay	139	136
Deferred income - government capital grants	361	366
Amounts owed to the ESFA and GLA	295	3
Total	1,263	926

The amounts owed to the ESFA and GLA comprise the clawback of unused Adult Education Budget grant funding for 2021-2022.

Notes to the accounts (continued)

14 Creditors: Amounts Falling Due After One Year

	2021 £'000	2020 £'000
Other loans	-	34
Payments on account	382	398
Deferred income - government capital grants	7,406	7,698
Total	7,788	8,130

15 Maturity of debt

The College had an overdraft of £48,000 at 31 July 2021. The College's overdraft facility was increased to £750,000 in April 2021.

	2021 £'000	2020 £'000
In one year or less	48	-
Between one and two years	-	-
Between two and five years	-	-
In five years or more	-	-
Total	48	-

The College had a loan from Salix of £23,000 outstanding at the end of the period. The loan is repayable as follows:

	2021 £'000	2020 £'000
In one year or less	23	12
Between one and two years	-	34
Between two and five years	-	-
In five years or more	-	-
Total	23	46

The loan from Salix is payable in annual instalments falling due from August 2018 to September 2022. The loan is interest free and unsecured.

Notes to the accounts (continued)

16 Pension and Similar Obligations

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

Total pension cost for the year	2021 £'000	2020 £'000
Teachers Pension Scheme: contributions paid	580	485
Local Government Pension Scheme:		
Contributions paid	369	249
FRS 102 (28) charge	<u>244</u>	<u>170</u>
	613	419
Charge to the Statement of Comprehensive Income	<u>1,193</u>	<u>904</u>
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year	<u>1,193</u>	<u>904</u>

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

Contributions amounting to £103k (2020: £95k) were payable to the schemes at 31 July and are included in creditors.

Teachers' Pension Scheme

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

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

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

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

Notes to the accounts (continued)

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £580,000 (2020: £485,000)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by the London Pension Funding Authority (LPFA). The total contributions made for the year ended 31 July 2021 were £452,000, of which employer's contributions totaled £369,000 and employees' contributions totaled £83,000. The agreed contribution rates for future years are 29.4% for employers and range from 5.5% to 9.9% for employees, depending on salary according to a national scale.

Notes to the accounts (continued)

Principal Actuarial Assumptions

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

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.10%	2.40%
Future pensions increases	2.80%	2.10%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.80%	2.10%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2021 years	At 31 July 2020 years
<i>Retiring today</i>		
Males	21.30	21.20
Females	23.80	23.40
<i>Retiring in 20 years</i>		
Males	22.80	22.40
Females	25.80	25.10

The table below summaries the estimated impact of changes in the principal actuarial assumptions on the reported net liability. A positive figure indicates an increase in the reported net liability.

Sensitivity analysis	At 31 July 2021 £'000	At 31 July 2020 £'000
Discount rate -0.1%	320	275
Mortality assumption – 1 year increase	527	442
CPI rate +0.1%	290	247

Notes to the accounts (continued)

16 Pension and Similar Obligations (continued) Local Government Pension Scheme (continued)

The College's share of the assets in the scheme and the expected rates of return were:

	Fair Value at 31 July 2021 £'000	Fair Value at 31 July 2020 £'000
Equities	6,455	5,077
Bonds	1,993	1,769
Property	854	692
Cash	190	154
Total market value of assets	<u>9,492</u>	<u>7,692</u>

Weighted average expected long-term rate of return

Actual return on plan assets	<u>1,538</u>	<u>(333)</u>
-------------------------------------	---------------------	---------------------

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

	2021 £'000	2020 £'000
Fair value of plan assets	9,492	7,692
Present value of plan liabilities	<u>(13,183)</u>	<u>(11,058)</u>
Net pensions (liability)/asset	<u>(3,691)</u>	<u>(3,366)</u>

Notes to the accounts (continued)

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	613	419
Past service cost	0	-
Total	613	419
Amounts included in investment income		
Net interest cost	49	55
	49	55
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	1,429	(500)
Changes in assumptions underlying the present value of plan liabilities	(1,461)	(126)
	(32)	(626)
Amount recognised in Other Comprehensive Income		

Movement in net defined (liability) during year

	2021 £'000	2020 £'000
Surplus/(deficit) in scheme at 1 August	(3,366)	(2,515)
Movement in year:		
Current service cost	(613)	(419)
Employer contributions	369	249
Past service cost	-	-
Net interest on the defined (liability)/asset	(49)	(55)
Actuarial gain or loss	(32)	(626)
Net defined benefit (liability)/asset at 31 July	(3,691)	(3,366)

Notes to the accounts (continued)

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	11,058	10,404
Current Service cost	613	419
Interest cost	158	222
Contributions by Scheme participants	83	65
Experience gains and losses on defined benefit obligations		
Changes in financial assumptions	1,447	812
Changes in demographic assumptions	171	187
Changes in other experience assumptions	(157)	(873)
Estimated benefits paid	(190)	(178)
Past Service cost	-	-
Defined benefit obligations at end of period	13,183	11,058
Reconciliation of Assets		
Fair value of plan assets at start of period	7,692	7,889
Interest on plan assets	109	167
Return on plan assets	1,429	(500)
Employer contributions	369	249
Contributions by Scheme participants	83	65
Estimated benefits paid	(190)	(178)
Fair value of plan assets at end of period	9,492	7,692

Notes to the accounts (continued)

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

17 Events after the reporting period

There are no events after the reporting period that need to be included within the financial accounts.

18 Capital Commitments

	2021	2020
	£'000s	£'000s
Commitments contracted for at 31 July	62	120

Notes to the accounts (continued)

19 Financial Commitments

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

	2021 £'000	2020 £'000
Future minimum lease payments due		
Other		
Not later than one year	24	13
Later than one year and not later than five years	83	4
Later than five years	-	-
Total lease payments due	<u>107</u>	<u>17</u>

20 Contingent Liability

There are no contingent liabilities.

21 Related Party Transactions

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

Annie Gammon, a governor, is Hackney Borough Council's Director of Education and is the Head of the Hackney Learning Trust (HLT), which is part of the Children, Adults and Community Health Directorate of Hackney Borough Council. The College provides support to High Needs Students funded by and on behalf of HLT and procures education improvement services from HLT. These arrangements are made at arm's length and are in accordance with the College's educational objectives and in discharging its educational and funding obligations.

The total expenses paid to or on behalf of the governors during the year was £0 (2020: £0). No governor has received any remuneration or waived payments from the College during the year (2019: none).

Notes to the accounts (continued)

22 Amounts disbursed as agent

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

	2021 £'000	2020 £'000
Unspent funds brought forward	7	271
Repaid to Education and Skills Funding Agency	-	(161)
16-18 bursary grants	351	254
Other Funding body grants	-	-
	358	364
Disbursed to students	(385)	(344)
Administration costs	(14)	(13)
Balance (over) / unspent as at 31 July, included in debtors / creditors	(41)	7

23 Reserves

During the year the College utilized the remaining £199,000 of an unrestricted, designated reserve. This represented that part of the College's cash reserves that had been regarded as 'ring-fenced' by the Education and Skills Funding Agency. This was calculated as being the proceeds of the sale of the Sports Hall and car park less amounts expended on capital items of expenditure. The Corporation had duly designated this reserve for future expenditure on capital items.