

# **THE BLACKPOOL SIXTH FORM COLLEGE**

**Report and Financial Statements  
For the Year Ended 31 July 2020**

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## **The Blackpool Sixth Form College**

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### **Strategic Report**

#### **Nature, Objectives and Strategies**

The members present their report and the audited financial statements for the year ended 31 July 2020.

#### **Legal Status**

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting The Blackpool Sixth Form College. The college is an exempt charity for the purposes of the Charities Act 2011.

The Corporation was incorporated in England and Wales, as The Blackpool Sixth Form College.

#### **Mission**

The mission statement for the college as approved by the members is:

***Inspiring learning, developing character, building futures***

#### **Public Benefit**

The college is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The Directors of the Corporation, who are trustees of the charity, are disclosed on page 17.

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

The delivery of public benefit is illustrated throughout this report and the college has its own Statement of Public Value.

#### **Implementation of Strategic Development Plan**

In July each year the college's one year strategic development plan is issued with the most recent being for the period 1 August 2020 to 31 July 2021. The strategic plan addresses the college's aims and objectives for the coming year. The Corporation monitors the performance of the college against this plan. The strategic development plan is reviewed and updated each year, taking into consideration standards, curriculum, support and leadership.

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Some of the specific targets in the 2019/20 strategic development plan which either directly or indirectly affected the financial status of the college were:

- plan for long-term financial health and future growth;
- increase market share of new students;
- increase student retention and attendance.

Some of the specific targets which either directly or indirectly demonstrated the public benefit of the college were:

- improve outcomes for students with social, emotional and mental ill-health;
- further develop work and industrial placement opportunities;
- successfully deliver the post-16 transition project;
- widen activity with employers and other external stakeholders;
- continue to proactively support Fylde Coast Academy Trust (FCAT) and Fylde Coast Teaching School (FCTS).

The strategic development plan objectives for 2019/20 were all on target to be achieved, however the college closure as a result of Covid-19 meant that one target was unable to be achieved. All other objectives were achieved (75%), or partially achieved (20%), and the one objective (5%) not fully achieved has been carried forward to next year.

The targets included in the strategic development plan for 2020/21 which directly cover the financial status of the college are:

- to manage the impact of Covid-19 across the college and implement lessons learned;
- to review and develop a staged and sustainable maintenance programme for the college estate.

In 2020/21 some specific targets which either directly or indirectly demonstrate the public benefit of the college include:

- embed effective strategies to accommodate the loss of learning due to Covid-19;
- embed a culture of physical and mental wellbeing for staff and students;
- further develop students' study skills and wider interpersonal skills;
- better prepare students for appropriate next steps.

### **Financial Objectives**

The college remains committed to strong financial management. It is the college's long term aim to sustain strong financial health. To achieve this it will continue to:

- set realistic budgets which are closely monitored and reviewed regularly;
- produce timely and accurate financial reports for the senior leadership team (SLT) and the Corporation;
- work closely with the Education and Skills Funding Agency (ESFA) and keep abreast of funding developments;
- ensure that expenditure is approved and represents value for money;

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- have in place effective financial regulations and procedures that are shared and understood;
- monitor cash flows;
- seek to balance income and expenditure in any financial year and work to avoid any deficits and to effect surpluses;
- include financial analysis and risk management as an integral part of the college's decision making processes, including in relation to capital projects;
- seek alternative sources of income without prejudicing the college's primary mission;
- ensure any borrowings to finance capital projects are affordable and within ESFA guidelines;
- closely monitor capital projects and their effect on college finances;
- closely monitor business planning processes, applications and curriculum development to ensure efficient staffing levels;
- seek revenue savings through energy efficiencies, the reduction in reactive maintenance expenditure, effective procurement and the use of consortia and networks.

### **Performance Indicators**

The college is committed to observing the importance of sector measures and indicators.

The college is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"), which is used to produce the college Financial Health grading. This was measured as "good" at 31 July 2019. The college also has an OFSTED "Outstanding" grade for inspection (May 2009).

The college also measures itself against other key performance indicators which are benchmarked against internal and national targets:

- achievement rates;
- value added; and
- progression to positive destinations.

ALPS (A-Level Performance System) continues to be used as a measure of value added alongside Level 3 value added (L3VA).

ALPS grades 1-3, indicates high performance of the student cohort (top 25%), grades 4-6, indicate average performance of the student cohort and grades 7-9 indicate below average performance of the student cohort (bottom 25%).

Due to the Coronavirus pandemic in 2020, vocational (BTEC and CTEC) students did not have the opportunity to complete all assignments (QCF and RQF) or sit all their external assessments (RQF) from March 2020 onwards. A level students did not have the opportunity to sit their public exams either.

Instead, the college awarded a centre-assessed grade (CAG) to each incomplete internally assessed unit and externally assessed unit grades were calculated by the awarding organisation rather than by college, which combined with completed units to provide a final grade for vocational students. Students on A level were also given CAG grades for each of their A levels.

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The college rigorously followed Ofqual and DfE guidance on the CAG process and all grades were moderated by the head of department, the SLT link and the Principal.

It should therefore be noted that in this highly unusual year, the achievement rates and ALPS grades below are not based on student performance in public examinations not only in our college but nationally.

College's own internal data shows the following results against its key performance indicators:

In 2019/20 the college achieved:

- a 2-year achievement rate of 97.7% at BTEC (2018/19 95.7%)
- a 2-year achievement rate of 95.8% at A level (2018/19 93.6%)
- an ALPS score for Value Added of 1.07 (band 2) for BTEC (2018/19 1.07 - band 2)
- an ALPS score for Value Added of 1.02 (band 2) for A level (2018/19 0.95 – band 5)

Additionally:

- in Year 2 BTEC, 90.1% of students achieved or exceeded their minimum target grade (2018/19 93.4%)
- in Year 2 A level, 76.3% of students achieved or exceeded their minimum target grade (2018/19 67.5%)

Current year data is taken from raw results published on results day and changes related to Covid-19 and may be subject to change once remarks etc are available.

L3 value added data for 2019/20 will not be published as a result of Covid-19. However, in 2018/19 L3 value added was 0.02 for A level (2017/18 +0.09) and 0.18 for BTEC (2017/18 +0.41). In 2018/19 however, very few applied general qualifications were included in the performance tables (only 1, BTEC Film and TV) and therefore this is not a true reflection of value added for the vocational programme. In 2020/21 the majority of vocational qualifications have moved to a new specification and will be included in future performance tables at which point L3VA will be valid again.

As at the end of September 2020 the 2019/20 data is showing that 63.9% of Upper Sixth completers have gone on to higher education, compared to 70.4% last year. Of the remainder, 8.3% (2018/19: 4.7%) are taking a gap year and 24% (2018/19: 22.8%) have gone on to further education, an apprenticeship, the armed forces or employment. There are 0.4% (2018/19: 0.1%) of students currently seeking employment. Currently we have been unable to confirm the destination of 3.4% of Upper Sixth completers compared to 1.9% last year.

From our conversations with students, Covid-19 is certainly impacting the desire to travel to Higher Education, and more students are opting to take a gap year and/or find work or courses locally, even if this is a temporary measure.

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### **Inspection**

In May 2009 the college was inspected by Ofsted and was awarded an "Outstanding" grade. Inspectors praised the high and fast improving success rates of the college, its outstanding teaching and learning, its exceptional academic and personal skills development and its outstanding strategic leadership and management. Currently, the Principal and Deputy Principal are Ofsted Inspectors.

### **Financial Position**

#### **Financial Results**

The college generated an operating deficit in the year of £354,000 (2018/19 £388,000 deficit).

The college has accumulated reserves and net assets of £8.54m, cash balances of £4.89m and long term loans of £3.53m.

The college has significant reliance on the ESFA as its principal funding source, largely from recurrent grants. In 2019/20 the ESFA provided 91% (2018/19 95%) of the college's total income. As a result of this, Covid-19 did not significantly affect income levels, with only a small proportion of lettings and catering income being lost. Additional costs incurred as a result of virus control measures within the year were able to be offset against savings generated, although costs are anticipated to be significantly affected in 2020/21 as the college reopens and adapts to social distancing requirements.

#### **Treasury policies and objectives**

Treasury management is the management of the college's cash flows, its banking, borrowing and deposit arrangements, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The college has a separate treasury management policy in place. The college has two loans to support the campus redevelopment project of which the college has completed the first five phases with the overwhelming majority of students being taught within these buildings. The first loan, drawn down in September 2010, was originally £3.4m, borrowed from Lloyds TSB over a term of 22 years. The second loan, £2.3m drawn down in December 2011, also borrowed from Lloyds TSB has been made available for borrowing by the European Investment Bank over a term of 16 years.

Any further borrowing arrangements would require the authorisation of the Corporation and should comply with the requirements of the Financial Memorandum, Funding Agreement and any other current regulations.

#### **Cash flows and liquidity**

At £549,000 (2018/19 £449,000) the operating cash inflow remains positive. There has been capital expenditure of £89,000. The cash balance of £4.89m will be utilised to support the college through a period of austerity following increased costs. It may also be used to support the college to undertake the final stages of the campus redevelopment programme in the future.

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### **Reserves policy**

The college is required to hold sufficient reserves to enable it to meet its charitable obligations should there be an unexpected revenue shortfall, to offer flexibility to plan and fund major projects to develop and maintain buildings and facilities, and to complete its accommodation strategy.

The college is committed to retaining the balance on the income and expenditure reserve at a minimum of 25% of income. The current level of unrestricted reserves is £6.85m, which is 61.5% of income.

### **Current and Future Development and Performance**

#### **Student numbers**

In 2019/20 the college has generated funding of £9.3m (2018/19 £9m) which is above the main ESFA allocation of £9m (2018/19 £8.5m). The college had 2,091 (2018/19 1,952) funded students but had 2,153 on roll at the accounting date. This increase in student numbers has been reflected in the ESFA funding allocation for 2020/21.

#### **Student achievements**

Students continue to succeed at the college. Achievement rates have increased for A level from 93.6% to 95.8% and for BTEC from 95.6% to 97.7%. These rates are high which is pleasing however this should be seen in the context of centre assessed grades (CAGs) and a year of pandemic.

In terms of value added the college has once again achieved an ALPS score of "2" in BTEC. A level has risen from ALPS 5 to ALPS 2 which is very pleasing but again should be seen in the context of the pandemic.

There has been a significant increase this year in the proportion of students achieving or exceeding their minimum expected grade (MEG) in A level, based on CAGs but a small decline in BTEC.

MEGs are calculated using the Level 3 value added formula and in a normal year this is an early indicator of performance against the national Level 3 value added measure which is published in February, however, due to the pandemic and the use of CAGs the performance tables will not be published in February 2021.

#### **Curriculum developments**

In 2019/20, the college continued to offer A levels (or equivalent) in response to A level reforms. All A level subjects are now linear and assessment will take place during the summer term of the second year of study. GCSE provision in maths and English was

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further refined to maximise opportunities for students to take a November resit wherever appropriate. The Route3 programme which offers a 3-year route, with students completing further studies at level 2 before embarking on a level 3 study programme, has been further developed in 2019/20 with courses in BTEC level 2 Health and Social Care being offered for the first time and business and IT, public services and creative media continuing to be offered. For 2019-20 Level 2 LIBF Personal Finance was reinstated, replacing BTEC Workskills. In addition to these options, students will also study GCSE Maths and English as required. For 2020/21 the majority of Level 3 BTEC courses have moved to the 2016 RQF specifications with the remaining courses moving in 2021/22. For 2020/21 a certificate in Criminology, A level English Language and Literature (Combined) and BTEC Level 2 Science have also been added to the curriculum and have recruited well.

The college continues to develop the curriculum to ensure that STEM provision is very much a priority.

### **Covid-19**

The Covid-19 pandemic has forced the college to accelerate investment in technology, and the Technology for Learning Lead has championed various advancements to enable remote learning for all. The college has now successfully implemented a full cross-college 'bring your own device' scheme, building on the success of earlier pilot schemes. Curriculum models allow for the seamless transition between full college opening, partial opening and full closure in response to external virus control measures. It is expected that the forced college closure will have a lasting long-term impact on technology use, timetabling and various associated efficiencies. In the meantime, the financial impact will be felt through additional cleaning resources and staffing requirements necessary to ensure the college remains a safe environment for all.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, require 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 is 95%. During the accounting period 1 August 2019 to 31 July 2020, the college paid 91.65% (2018/19 87.2%) of its invoices within 30 days but did not incur any late payment charges.

### **Events after the end of the reporting period**

There have been no significant post-balance sheet events.

### **Fylde Coast Teaching School (FCTS)**

The Teaching School's Action Plan for 2019/20 was to maintain the success of the SCITT (School Centred Initial Teacher Training), provide a needs-driven CPLD offer, develop system leaders to support school improvement and to maintain the relevance and effectiveness of the Teaching School during the transitional period to Teaching

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School Hubs. Some of this year's activity has been challenged by the Coronavirus lockdown but has also provided an opportunity to pause and undertake an independent review to support its future-proofing.

During the lockdown period, directors agreed to a full review of the Teaching School in order to provide recommendations on how to sustain the provision once Teaching Schools are de-designated at the end of the next academic year. The independent review is looking at finances and structures with a specific focus on the SCITT. Recommendations were presented to the Teaching School directors in July. A review of the directors of the Teaching School is also being undertaken by the chair and TS Ltd members in order to support a broadening of the experience base of the board.

Planning for next year will take place in the context of Covid-19 school lockdowns, their return and recovery, and will take its cue from the recommendations of the TS/SCITT review and from the needs of the schools once they have identified their new priorities. As reported, the SCITT will be very much business as usual and schools have indicated their willingness to take trainees on placements. Interim work is being done collaboratively between local school improvement providers to ensure we can respond quickly to requests for support as and when they emerge.

### **Fylde Coast Academy Trust (FCAT)**

In January 2013, the Fylde Coast Teaching School set up FCAT, a multi-academy trust, with approval from the Department of Education.

The sponsorship of local schools through the academy trust with a clear focus on raising education standards in the area benefits not only the families and young people of the Fylde coast but also the future economy as young people are more able to be successful in the work place and will develop higher educational aspirations for both themselves and their families.

This has been an extremely successful partnership, and it has now been agreed by the Regional Schools Commissioner that from August 2020, the Fylde Coast Teaching School will no longer sponsor the Fylde Coast Academy Trust.

### **Future prospects**

The college's learner responsive funding for 2020/21 has been confirmed as £9.9m for 2,150 students compared to £9m for 2,091 students.

Funded student numbers have increased in 2020/21 by 59 students. This reflects the change in demographic in the local area, and the outcome of a change in marketing strategy. Actual recruitment in 2020/21 has also increased following improvements in student retention to upper sixth and increased lower sixth applications and conversion.

The college received £320k in 2019/20 from the ESFA to support student bursaries and free meals. In 2020/21 college has received £317k which it distributes to students based on household income. Students are being further supported through a college transport bursary and an access fund. Through this financial support students from low

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income backgrounds are supported to enable them to access education to increase their life chances.

Additionally, in 2020/21 the college will receive funding from the ESFA for the Post-16 Tuition Fund, Level 3 maths and English funding, and GCSE maths premium funding.

### **Resources**

#### **Tangible Assets**

The college has £22m in fixed assets. There has been no major construction work during the year.

#### **Financial**

The college has £8.54m of net assets (including £5m pension liability). As at the 31<sup>st</sup> July 2020 college has a long term loan repayable by 2032 of which £2.31m is outstanding and a further long term loan repayable by 2027 of which £1.22m is outstanding.

#### **People**

In 2019/20 the college employed an average of 231 people (2018/19: 227), of whom 104 (2018/19: 103) are teaching staff.

#### **Reputation**

The college enjoys a strong reputation locally, regionally and nationally and it works hard to ensure that this status continues, to ensure that students are keen to study here and staff are attracted to work here. The college has had a year-on-year increase in staff satisfaction for the last five years, and the most recent survey reported staff satisfaction to be 98% (an increase of 16 percentage points since 2015). In June 2020 the college was awarded Pearson's 'BTEC College of the Year', recognising the commitment and passion of staff and students. This reputation is enhanced by the "Outstanding" Ofsted inspection grade and by the provision of the college's modern facilities. The college works closely with all the local partner high schools and a range of other stakeholders and community groups. The college has Dyslexia Friendly status and has received the Customer Service Excellence Award. The college has also received the CoLRIC (Council for Learning Resources in Colleges) quality mark.

### **Principal Risks and Uncertainties**

The college's Risk Management Policy was reviewed in September 2019 and within it declares the college's approach to risk management and internal control. The following key principles outline this approach:

- a. The board of directors has responsibility for overseeing risk management within the college as a whole;
- b. An open and receptive approach to solving problems is adopted by the board of directors;

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- c. The senior leadership team support, advise and implement policies approved by the board of directors;
- d. The college makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- e. All staff are responsible for encouraging good risk management practice within their designated managed area; and
- f. Key risk indicators are identified and closely monitored on a regular basis.

The Directors have assessed the risk appetite of college and concluded that as the college is a proactive organisation with a strong reputation and a sound financial base the acceptable level of risk appetite to be used as a guiding principle in the governance and management of the college would be moderate. This reflects the Corporation's willingness to pursue ambitious development plans as long as any associated risks are assessed and suitable control measures are implemented.

The college's Risk Register highlights those risks which the college considers to be the most serious. The highest ranking risks reported to the Audit Committee in June 2020 included:

### **Risk of national pandemic and impact upon the college**

The impact of Covid-19 on the college has been assessed, with a separate risk register in place for this purpose, focusing on the wide ranging implications to the college community. Financial impact is continually assessed, and college has rigorous risk assessments in place, which are continually updated in response to changes in national and local guidance.

### **Reduction in Financial Health**

Salary costs continue to increase through annual pay and incremental rises, and pension cost increases. However, government funding levels, although slightly increased for 2020/21, have not yet been increased to the levels considered necessary across the sector. This has increased the risk that college fails to maintain a ratio of staffing at or below 70% of income, increasing pressure on the overall financial health of the college. The college mitigates this risk through early business planning, continued review of recruitment, monthly KPI reviews, and a rolling 5 year financial plan.

### **Prevent duty**

In July 2015 a legal duty was placed on colleges, amongst others, to show "due regard to the need to prevent people from being drawn into terrorism". The college has put implemented robust safeguards in recognition of this and included the matter on its risk register as part of college safeguarding risks so that it can be monitored regularly by the Corporation.

### **Stakeholder Relationships**

The college has many stakeholders, including:

- students and their parents and carers
- employees

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- Directors
- Education and Skills Funding Agency (ESFA)
- Sixth Form Colleges Association (SFCA)
- Blackpool School Improvement Board (BSIB)
- Blackpool Opportunity Area Board
- local authorities including Blackpool Council, Lancashire County Council, Wyre Borough Council and Fylde Council
- local transport providers
- awarding bodies
- members of the Fylde Coast Teaching School Alliance
- participants in the Fylde Coast Academy Trust
- local community
- community groups who use the college facilities
- partner high schools
- other sixth form and further education colleges
- universities and other training providers
- employers and work experience providers

The college recognises the importance of these relationships and engages in regular contact and communication with them in many ways. Communication methods include such things as the website, the annual report and newsletters. Also the college engages with stakeholders through events such as the employability networking event, awards evenings and concerts as well as through more formal meetings and reports.

### **Taxation**

None of the college's activities are subject to corporation tax. However, the college registered for VAT in November 2019.

### **Equality**

This college is committed to ensuring the promotion of equality of opportunity for all members of the college community. We seek to create a climate where all forms of discriminatory behaviour are challenged, diversity is celebrated and a culture is generated in which all staff and students are encouraged to flourish and achieve their full potential. The college is keen to advance equality of opportunity for all (in particular, between people who share a protected characteristic and those who do not) and ensure that it underpins all policies, valuing all members of the college community equally. The college aims to foster good relations between all members of its community and, in particular, between people who share a protected characteristic and those who do not.

The college's Equality and Diversity Policy embodies these commitments and details the support and actions taken to ensure the commitments are fulfilled. These commitments are reinforced through the college's core values which underlie everything the college does; respect, inclusion, global citizenship, support, integrity, excellence and high aspirations, and enthusiasm.

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### Disability Statement

The Blackpool Sixth Form College adheres to the Special Educational Needs and Disability Code of Practice and in particular the responsibilities required of colleges as detailed in chapter 7 of the Code of Practice. The Code of Practice provides statutory guidance on duties relating to Part 3 of the Children and Families Act 2014. The Equality Act sets out the legal obligations post-16 institutions have towards disabled young people. The college will not directly or indirectly discriminate against, harass or victimise disabled young people and will make reasonable adjustments, including the provision of auxiliary aids and services, to ensure that disabled young people are not at a substantial disadvantage compared with their peers.

The college aims to create an environment in which all students are treated as individuals, receive personal support, and provide mutual support for each other whatever the circumstances.

### 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 for the relevant period (1 April 2019 to 31 March 2020).

Number of employees who were relevant union officials during the relevant period	FTE employee number
4	3.8

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

Total cost of facility time	£7,693
Total pay bill	£7,397,124
Percentage of total bill spent on facility time	0.1%

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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### **Going Concern**

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

### **Disclosure of information to auditors**

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

**Approved by order of the members of the Corporation on 1st December 2020  
and signed on its behalf by:**



Ms W Middlemas, Chair

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### **Professional Advisers**

#### **Financial statements auditors and reporting accountants:**

Mazars LLP  
One St Peters Square  
Manchester  
M2 3DE

#### **Internal auditors:**

RSM Risk Assurance Services LLP  
9<sup>th</sup> Floor  
3 Hardman Street  
Manchester  
M3 3HF

#### **Solicitors:**

Eversheds  
Cloth Hall Court  
Infirmary Street  
Leeds

Walker Morris  
Kings Court  
12 King Street  
Leeds

#### **Bankers:**

Lloyds Bank  
42-46 Market Street,  
Manchester,  
M1 1PW

#### **Registered Office:**

Blackpool Old Road  
Blackpool  
Lancashire  
FY3 7LR

### **Key Management Personnel**

Key management personnel are defined as the Principal and Accounting Officer and the Deputy Principal and were represented by the following in 2019/20:

Jill Gray	Principal and Accounting Officer
Gail Yeadon	Deputy Principal

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### **Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector, including compliance with the principles of effective leadership, the appointment of a skilled and effective board of directors and good risk management.

The college is committed to exhibiting best practice in all aspects of corporate governance. On 1 July 2015 the college formally adopted the Association of Colleges Code of Good Governance for English Colleges published in March 2015, and continue to comply with this.

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

The governing body is known as the Corporation and its members are referred to as Directors. In the opinion of the Directors, 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 2020. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The college is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Directors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

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### The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed below, and have the title 'Director'.

Name	Date of appointment/ re-appointment	Term of office	Date of resignation/ retirement	Category of membership	Committees served during 2019/20	Corporation meeting attendance
Ms W Middlemas (Chair)	08.04.14 07.04.18 24.09.18	4 years		Member	Remuneration; Search and Governance; Self-Assessment, Administration and Finance, Audit (Observer)	3 of 3
Cllr D Clapham	27.03.12 31.07.17 31.07.18	4 years		Member	Audit; Search & Governance; Self Assessment	3 of 3
Ms J Gray	01.01.15	Ex officio		Principal	All except Remuneration and Audit	3 of 3
Mr N Webster	26.03.13 26.03.17	4 years		Staff		2 of 3
Ms D Taaffe	05.02.16 28.01.20	4 years		Member	Audit; Administration and Finance; Remuneration	1 of 3
Ms V Blakeman	03.02.17	4 years	25.11.19	Member	Self-Assessment	0 of 0
Ms C Coyne	16.02.17	4 years		Parent	Audit	2 of 3
Rev S Haskett	04.07.17	4 years		Member	Self Assessment; Search and Governance	2 of 3
Ms A Hall	05.12.17	4 years	19.09.19	Member	Administration and Finance; Search and Governance	0 of 0
Mr C Simkins	05.02.18	4 years		Member	Remuneration; Audit	2 of 3
Mr A Burr	24.09.18	4 years		Staff	Administration and Finance	2 of 3
Mr M Hellewell	04.12.18	2 years	07.07.20	Student	Administration and Finance	1 of 3
Mr J Saunders	18.11.19	2 years		Student		2 of 3
Mr S Rimmel	11.03.19	4 years	04.03.20	Member	Administration and Finance	1 of 1
Mr N Oldham	02.02.19	4 years	05.11.19	Member	Audit	0 of 0
Cllr C Baxter	10.06.19	4 years		Member	Audit	1 of 3
Mr J Mannino	28.01.20	4 years		Member	Safeguarding	1 of 1
Ms A Newton-Leeming	28.01.20	4 years		Member	Search and Governance	1 of 1

The Fylde Coast Academy Trust provides the clerking service to the Corporation

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

## **The Blackpool Sixth Form College**

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The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least once each term and also holds an annual conference over two days.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Standards Board (of which all Directors are members), Administration and Finance, Remuneration, Search and Governance, Self-Assessment, and Audit. The Corporation is also a member of the Fylde Coast Academy Trust Safeguarding Board and a designated Safeguarding Director attends these meetings. Minutes from all these meetings are shared with members and, except for those deemed confidential, are available on the college website, ([www.blackpoolsixth.ac.uk](http://www.blackpoolsixth.ac.uk)), or from the clerking service at:

Fylde Coast Academy Trust

c/o Armfield Academy

Lytham Road

Blackpool

Lancashire FY4 1TL

The clerking service maintains a register of financial and personal interests of the Directors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis. Since March 2020, in order to follow social distancing requirements, all meetings have been held virtually and continue to be minuted.

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

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

## **The Blackpool Sixth Form College**

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### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee normally comprising a Chair, and up to five other members of the Corporation, including the Accounting Officer, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years. The usual maximum number of terms is two, although exceptionally the board can extend this if it feels it appropriate. Student Directors are usually appointed for a term of 2 years, or the currency of them being a student at the college, whichever is shorter.

### **Corporation performance**

The Directors' 2019/20 Self-Assessment Report graded college governance as 'Outstanding'. Key strengths included:

- ambitious vision and values that are robust and challenging and demonstrate a strong commitment to inclusive educational provision
- robust focus on raising educational standards and outcomes
- strong commitment to staff workload and wellbeing
- strong focus on stakeholder feedback to drive improvement
- outstanding safeguarding practice
- comprehensive, diverse and effective governing board

### **Remuneration Committee**

Throughout the year ending 31 July 2020 the college's Remuneration Committee comprised the Chair of the Corporation and two other members from a Committee not represented by the Chair. The Committee's responsibilities are to review the performance of, and to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and the other senior post holder. In May 2014 a clerking service provided by Fylde Coast Academy Trust was appointed and it is the Committee's responsibility to consider the Service Level Agreement and fee for this clerking service.

Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

### **Audit Committee**

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair). The committee operates in accordance with written terms of reference approved by the Corporation and assesses its own effectiveness and performance on an annual basis against a set of key performance indicators.

The Audit Committee meets 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 Blackpool Sixth Form College**

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the Committee for independent discussion, without the presence of college management. The Committee also receives and considers reports from the funding bodies, as they affect the college's business.

The college's internal auditors review the systems of internal control, risk management controls and governance processes in response to requests from management and the committee and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations, and a regular reports are provided to the committee to ensure such recommendations have been implemented.

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

### **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 she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between the college and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the college for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the college is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the college's significant risks that has

## **The Blackpool Sixth Form College**

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been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The college has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee, who provide an annual report on the effectiveness of the college's system of risk management, controls and governance processes.

### **Review of effectiveness**

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

- the work of the internal auditors and other specialist advisors;
- the work of the Senior Leadership Team within the college who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the college's financial statements auditors and the reporting accountant for regulatory assurance in their management letters and other reports.

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

The Accounting Officer and senior leadership team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments

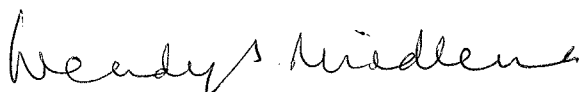
## The Blackpool Sixth Form College

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and reinforced by risk awareness training. The Principal and senior leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda and the agenda for each committee meeting include a regular item for consideration of risk and control and receive reports thereon from the senior leadership team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior leadership team and internal audit and specialist advisors, and taking account of events since 31 July 2020.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the college has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Approved by order of the members of the Corporation on 1 December 2020 and signed on its behalf by:



Ms W Middlemas, Chair



Ms J Gray, Accounting Officer

## The Blackpool Sixth Form College

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### Statement of Regularity, Propriety and Compliance

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

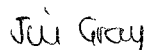
We confirm, on behalf of the Corporation, that after due enquiry, and **to the best of our knowledge**, the Corporation is able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant funding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

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



Ms W Middlemas, Chair

1<sup>st</sup> Dec 2020



Ms J Gray, Accounting Officer

1<sup>st</sup> Dec 2020

## **The Blackpool Sixth Form College**

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### **Statement of Responsibilities of the Members of the Corporation**

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

Within the terms and conditions of the 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 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the College Accounts Direction 2019 to 2020 issued by the ESFA, and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate;
- 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 Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the college.

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

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

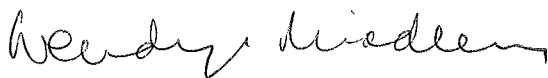
Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions

## The Blackpool Sixth Form College

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conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with 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 in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the college's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA and other public bodies are not put at risk.

Approved by orders of the members of the Corporation on 1 December 2020 and signed on its behalf by:



Ms W Middiema, Chair

## **The Blackpool Sixth Form College**

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### **Independent auditor's report to the members of The Blackpool Sixth Form College**

#### **Opinion**

We have audited the financial statements of Blackpool Sixth Form College (the 'College') for the year ended 31 July 2020 which comprise the College's Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Corporation are 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.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 24 and 25, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters

## **The Blackpool Sixth Form College**

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related to going concern and using the going concern basis of accounting unless the Corporation either intend to cease operations, or have no realistic alternative but to do so.

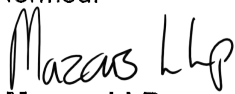
### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of the audit report**

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to 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.

  
**Mazars LLP**

**Chartered Accountants and Statutory Auditor**

**One St Peter's Square**

**Manchester**

**M2 3DE**

**Date** 23 December 2020

## **The Blackpool Sixth Form College**

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**To: The Corporation of The Blackpool Sixth Form College and Secretary of State for Education acting through the Education and Skills Funding Agency ("ESFA")**

In accordance with the terms of our engagement letter dated 3 November 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Blackpool Sixth Form College during the period 1 August 2019 to 31 July 2020 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 ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

### **Respective responsibilities of Blackpool Sixth Form College and the reporting accountant**

The corporation of Blackpool 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 are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

## The Blackpool Sixth Form College

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/ funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

Mazars LLP



Date: 23 December 2020

**The Blackpool Sixth Form College**  
**Statement of Comprehensive Income**  
**31 July 2020**

	Notes	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
<b>Income</b>			
Funding body grants	2	10,239	9,527
Tuition fees and education contracts	3	-	76
Research grants and contracts	4	30	11
Other income	5	839	297
Investment income	6	22	22
<b>Total Income</b>		<b>11,130</b>	<b>9,933</b>
<b>Expenditure</b>			
Staff costs	7	8,184	7,447
Other operating expenses	8	2,291	1,871
Depreciation	11	768	770
Interest and other finance costs	9	241	233
<b>Total Expenditure</b>		<b>11,484</b>	<b>10,321</b>
<b>(Deficit)/surplus before tax</b>		<b>(354)</b>	<b>(388)</b>
Taxation	10	-	-
<b>(Deficit)/surplus for the year</b>		<b>(354)</b>	<b>(388)</b>
Actuarial (loss)/gain in respect of pension schemes	17	(1,671)	(964)
<b>Total comprehensive income for the year</b>		<b>(2,025)</b>	<b>(1,352)</b>
Represented by:			
Unrestricted comprehensive income for the year		(2,200)	(1,352)
Restricted comprehensive income for the year		175	-
		<b>(2,025)</b>	<b>(1,352)</b>

**The Blackpool Sixth Form College**  
**Statement of Changes in Reserves**  
**31 July 2020**

	Income and expenditure account	Revaluation reserve	Restricted reserve	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> August 2018</b>	10,308	1,608	-	11,916
Surplus/(deficit) from the income and expenditure account	(388)	-	-	(388)
Other comprehensive income	(964)	-	-	(964)
Transfers between revaluation and income and expenditure reserves	45	(45)	-	-
	(1,307)	(45)	-	(1,352)
<b>Balance at 31<sup>st</sup> July 2019</b>	9,001	1,563	-	10,564
(Deficit) from the income and expenditure account	(529)	-	175	(354)
Other comprehensive income	(1,671)	-	-	(1,671)
Transfers between revaluation and income and expenditure reserves	45	(45)	-	-
<b>Total comprehensive income for the year</b>	(2,155)	(45)	175	(2,025)
<b>Balance at 31 July 2020</b>	6,846	1,518	175	8,539

**The Blackpool Sixth Form College**  
**Balance Sheet**  
**As at 31 July 2020**

	Notes	Year ended 31 July 2020	Year ended 31 July 2019
		£'000	£'000
<b>Non current assets</b>			
Tangible Fixed assets	11	22,087	22,770
		<b>22,087</b>	<b>22,770</b>
<b>Current assets</b>			
Stocks		15	14
Trade and other receivables	12	270	235
Cash and cash equivalents	16	4,889	4,860
		<b>5,174</b>	<b>5,109</b>
<b>Less: Creditors – amounts falling due within one year</b>	13	(1,379)	(1,591)
<b>Net current assets</b>		<b>3,795</b>	<b>3,518</b>
<b>Total assets less current liabilities</b>		<b>25,882</b>	<b>26,288</b>
Creditors – amounts falling due after more than one year	13	(12,280)	(12,863)
<b>Provisions</b>			
Defined benefit obligations	15	(5,063)	(2,861)
<b>Total net assets including pension liability</b>		<b>8,539</b>	<b>10,564</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		6,846	9,001
Revaluation reserve		1,518	1,563
		<b>8,364</b>	<b>10,564</b>
<b>Restricted reserves</b>			
Income and expenditure account		175	-
<b>Total reserves</b>		<b>8,539</b>	<b>10,564</b>

The financial statements on pages 31 to 58 were approved and authorised for issue by the Corporation on 1<sup>st</sup> December 2020 and were signed on its behalf on that date by:



Ms W Middlemas  
Chair

Mrs J Gray  
Accounting Officer



**The Blackpool Sixth Form College**  
**Statement of Cash Flows**  
**for the year ended 31 July 2020**

	Notes	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
(Deficit)/Surplus for the year		(354)	(388)
<b>Adjustment for non-cash items</b>			
Depreciation	11	768	770
Increase in stock		(1)	(1)
Decrease in trade and other receivables	12	(35)	(34)
Decrease in creditors due within one year	13	(222)	(197)
Capital grant movement	13	(296)	(301)
Pensions costs less contributions payable	18	531	428
<b>Adjustment for investing or financing</b>			
Investment income	6	(22)	(22)
Interest payable	9	180	192
Loss on sale of fixed assets	11	-	2
<b>Net cash flow from operating activities</b>		<u>549</u>	<u>449</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of assets		4	3
Investment income	6	22	22
Payments made to acquire fixed assets	11	(89)	(180)
		<u>(63)</u>	<u>(155)</u>
<b>Cash flows from financing activities</b>			
Interest paid	9	(180)	(192)
Repayments of amounts borrowed	14	(277)	(267)
		<u>(457)</u>	<u>(459)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<u><u>29</u></u>	<u><u>(165)</u></u>
 Cash and cash equivalents at beginning of the year	 16	 4,860	 5,025
 Cash and cash equivalents at end of the year	 16	 4,889	 4,860

## **The Blackpool Sixth Form College**

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### **1. Notes to the Accounts**

#### **Statement of accounting policies and estimation techniques**

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

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions 2019 ("the 2019 HE FE SORP"), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – the "Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102).

The preparation of financial statements in compliance with FRS102 requires the use of critical accounting estimates. It also requires management to exercise judgement in applying the college's accounting policies.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Going concern**

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

The college currently has £2.31m of loans outstanding with bankers on terms negotiated in 2007 and £1.22m of loans outstanding on terms negotiated in 2011. Both of these loans are secured through a negative pledge. The college's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants.

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

#### **Recognition of income**

Government revenue grants include funding body recurrent grants and are accounted for under the accrual model as permitted by FRS102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as

## **The Blackpool Sixth Form College**

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### **1. Statement of accounting policies and estimation techniques (continued)**

permitted by FRS102. Other capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met.

Income from non-exchange transactions is recognised on entitlement as restricted income.

Income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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

### **Post-employment benefits**

Post-employment benefits to employees of the college are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded. They were contracted out of the State Second Pension until 5 April 2016.

The TPS is an unfunded scheme. Contributions to the TPS are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to enable the college 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 the Statement of Comprehensive Income are the current and past 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 in the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

## **The Blackpool Sixth Form College**

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### **1. Statement of accounting policies and estimation techniques (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**

##### *Land and buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on acquisition. The valuation is based on depreciated replacement cost as the market value is not readily obtainable. The associated credit is included in the revaluation reserve.

Other land and buildings are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the college of 50 years. A full year's depreciation is charged in the year of acquisition.

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 within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any 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.

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

##### *Assets under construction*

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

##### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to income in the period it is incurred, unless it increases the future benefit to the college, in which case it is capitalised and depreciated on the relevant basis:

## The Blackpool Sixth Form College

### 1. Statement of accounting policies and estimation techniques (continued)

#### *Equipment, plant and machinery*

Equipment, plant and machinery costing less than £1,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other items are capitalised at cost and depreciated over their useful economic life as follows:

Equipment	20% per year on a reducing balance basis
Computer equipment	33% per year on a straight line basis
Plant and machinery	5% per year on a straight line basis

A full year's depreciation is charged in the year of acquisition. 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 within creditors and released to income and expenditure account over the expected useful economic life of the related equipment.

#### *Leased assets*

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term.

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

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

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

#### **Maintenance of premises**

The cost of routine corrective maintenance is charged to income as incurred.

#### **Taxation**

The college is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the college is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### 1 Statement of accounting policies and estimation techniques (continued)

## **The Blackpool Sixth Form College**

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The college is partially exempt in respect of Value Added Tax and can only recover minimal input VAT in respect of its taxable activities. The college is unable to recover input VAT it suffers on goods and services purchased in relation to education provision. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

### **Cash and cash equivalents**

Cash includes cash in hand and short-term deposits (3 months or less) held with recognised banks and building societies.

### **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 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.

### **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.

## **1 Statement of accounting policies and estimation techniques (continued)**

## The Blackpool Sixth Form College

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### Stock

Stock is valued at the lower of cost and selling price less costs to sell.

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

#### *Key sources of estimation uncertainty*

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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.

- *Bursary income and expenditure*

Bursary funding from the Education and Skills Funding Agency is recognised in funding body income, with all associated expenditure included in other operating expenses. This judgement has been applied on the basis that the college acts as Principal as opposed to Agent, retaining the ability to control the use of the funds received.

## The Blackpool Sixth Form College

### 2 Funding Body Grants

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
<b>Recurrent grants</b>		
Education and Skills Funding Agency -16-19	9,409	8,593
<b>Specific grants</b>		
Education and Skills Funding Agency	454	553
Other non-recurrent grants	80	80
Release of government capital grants	296	301
<b>Total</b>	<b>10,239</b>	<b>9,527</b>

### 3 Tuition Fees and Education Contracts

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Apprenticeship fees and contracts	-	76
<b>Total</b>	<b>-</b>	<b>76</b>

## The Blackpool Sixth Form College

### 4 Other Grants and Contracts

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Other grants and contracts	30	11
	<u>30</u>	<u>11</u>

### 5 Other Income

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Other income generating activities	262	297
Catering	402	-
Non-exchange contracts	175	-
	<u>839</u>	<u>297</u>

### 6 Investment Income

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Other interest receivable	22	22
	<u>22</u>	<u>22</u>

## The Blackpool Sixth Form College

### 7 Staff Costs

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

	Year ended 31 July 2020 Number	Year ended 31 July 2019 Number
Teaching staff	104	103
Non teaching staff	127	124
	<u>231</u>	<u>227</u>

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
<b>Staff costs for the above persons:</b>		
Wages and salaries	6,041	5,741
Social security costs	567	525
Other pension costs (including FRS102(28) adjustments of £470k in 2020 and £387k in 2019)	1,576	1,181
<b>Total staff costs</b>	<u>8,184</u>	<u>7,447</u>

In 2019/20 there was a pay award of 2.77% for teaching staff, and between 5.88% and 2.77% for support staff in line with NJC pay agreements.

Key management personnel salaries were subject to separate review. No severance payments were made in 2019/20 (2018/19 Nil).

### Key management personnel

Key management personnel are those persons having authority for planning, directing and controlling the activities of the college and are represented by the Principal and Deputy Principal.

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

	2020 Number	2019 Number
The number of key management personnel including the Accounting Officer was:	2	2

## The Blackpool Sixth Form College

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### 7 Staff costs (continued)

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

	Year ended 31 July 2020		Year ended 31 July 2019	
	Number senior post- holders	Number Other Staff	Number senior post- holders	Number Other Staff
£60,001 to £65,000	-	2	-	-
£65,001 to £70,000	-	1	-	1
£75,001 to £80,000	1	-	1	-
£110,001 to £115,000	-	-	1	-
£115,001 to £120,000	1	-	-	-
	<u>2</u>	<u>3</u>	<u>2</u>	<u>1</u>

Including part time workers grossed up to full time equivalent, an additional 1 member of staff was paid in the £60,001 to £65,000 banding in 2019/20 (2018/19: Nil).

Key management personnel emoluments are made up as follows:

	2020 £000	2019 £000
Salaries	196	192
Employers National Insurance	<u>25</u>	<u>24</u>
	<b>221</b>	<b>216</b>
Pension contributions	45	32
<b>Total key management personnel emoluments</b>	<u><b>266</b></u>	<u><b>248</b></u>

## The Blackpool Sixth Form College

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### 7 Staff costs (continued)

Bonuses were awarded to key management personnel but were waived in the year by the individuals. There were no salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post holder) of:

	Year Ended 31 July 2020 £000	Year Ended 31 July 2019 £000
Salary	<u>117</u>	<u>114</u>
Pension contributions	<u>27</u>	<u>19</u>

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 Governing Body, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal pay and remuneration expressed as a multiple:

Principal's basic salary as a multiple of the median of all staff: 3.67

Principal's total remuneration as a multiple of the median of all staff: 3.92

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Accounting Officer and the 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.

## The Blackpool Sixth Form College

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### 8 Other Operating Expenses

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Teaching costs	400	372
Non teaching costs	1,439	1,045
Premises costs	452	454
<b>Total</b>	<b>2,291</b>	<b>1,871</b>
<b>Other operating expenses include:</b>	<b>Year ended 31 July 2020 £000</b>	<b>Year ended 31 July 2019 £000</b>
Auditors' remuneration:		
External auditors - financial statements audit	19	12
Internal audit	-	2
Other services	4	6
Hire of plant and machinery - operating leases	7	7

## The Blackpool Sixth Form College

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### 9 Interest and other finance costs

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
On bank loans, overdrafts and other loans:	180	192
	<hr/> 180	<hr/> 192
Net interest on defined pension liability (see note 17)	61	41
	<hr/> 241	<hr/> 233

### 10 Taxation

The Directors do not believe the college was liable for any corporation tax arising out of activities during this or the prior year.

## The Blackpool Sixth Form College

### 11 Tangible Fixed Assets

	Freehold land and buildings	Plant & Machinery	Equipment	Computers	Leased Assets	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
At 1 August 2019	26,789	2,258	2,316	1,380	10	32,753
Additions	-	22	21	46	-	89
Transfers	-	-	-	-	-	-
Disposals	-	(10)	-	(1)	-	(11)
<b>At 31 July 2020</b>	<b>26,789</b>	<b>2,270</b>	<b>2,337</b>	<b>1,425</b>	<b>10</b>	<b>32,831</b>
<b>Depreciation</b>						
At 1 August 2019	5,659	1,015	1,965	1,334	10	9,983
Charge for year	522	113	74	59	-	768
Eliminated in respect of disposals	-	(6)	-	(1)	-	(7)
<b>At 31 July 2020</b>	<b>6,181</b>	<b>1,122</b>	<b>2,039</b>	<b>1,392</b>	<b>10</b>	<b>10,744</b>
<b>Net book value At 31 July 2020</b>	<b>20,608</b>	<b>1,148</b>	<b>298</b>	<b>33</b>	<b>-</b>	<b>22,087</b>
<b>Net book value At 31 July 2019</b>	<b>21,130</b>	<b>1,243</b>	<b>351</b>	<b>46</b>	<b>-</b>	<b>22,770</b>
Inherited	1,518	-	-	-	-	1,518
Financed by capital grant	8,741	557	33	-	-	9,331
Other	10,349	591	265	33	-	11,238
<b>Net book value At 31 July 2020</b>	<b>20,608</b>	<b>1,148</b>	<b>298</b>	<b>33</b>	<b>-</b>	<b>22,087</b>

## The Blackpool Sixth Form College

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### 11 Tangible Fixed Assets (continued)

Inherited land and buildings were valued in 1994 at depreciated replacement cost by a firm of independent chartered surveyors.

Other tangible fixed assets inherited from the LEA at incorporation have been valued by the college on depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £1,518,000 (2019: £1,563,000) have been financed by local education sources. Should these assets be sold, the college may be liable, under the terms of the Finance Memorandum, to surrender the proceeds.

Included in the net book value of freehold land and buildings at 31st July 2020 is £592,000 (2019: £592,000) relating to land which is not depreciated

If inherited land and buildings had not been valued they would have been included at the following amounts:

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

## The Blackpool Sixth Form College

### 12 Trade and other receivables

	31 July 2020 £000	31 July 2019 £000
<b>Amounts falling due within one year</b>		
Trade receivables	87	98
Prepayments and accrued income	135	113
Other receivables	48	24
<b>Total</b>	<u><u>270</u></u>	<u><u>235</u></u>

### 13 Creditors

	31 July 2020 £000	31 July 2019 £000
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	289	277
Trade payables	21	67
Other taxation and social security	140	133
Accruals and deferred income	261	335
Amount owing to the ESFA	2	29
Other creditors	73	113
Deferred income – government capital grants	291	293
Deferred income – government revenue grants	53	112
Holiday pay accrual	249	232
<b>Total</b>	<u><u>1,379</u></u>	<u><u>1,591</u></u>

	31 July 2020 £000	31 July 2019 £000
<b>Amounts falling due after more than one year</b>		
Bank loans and overdrafts	3,240	3,529
Deferred income – government capital grants	9,040	9,334
<b>Total</b>	<u><u>12,280</u></u>	<u><u>12,863</u></u>

## The Blackpool Sixth Form College

### 14 Bank loans and overdrafts

	31 July 2020 £000	31 July 2019 £000
Bank loans and overdrafts are repayable as follows:		
In one year or less	289	277
Between one and two years	300	289
Between two and five years	978	938
In five years or more	1,962	2,302
<b>Total</b>	<b><u>3,529</u></b>	<b><u>3,806</u></b>

Bank loans are secured by a negative pledge. £433,000 is repayable in monthly installments at a rate linked to base rate. £2,090,000 is repayable in monthly installments at a fixed rate of 5.31% plus 0.85% margin and £1,006,000 is repayable in monthly installments at a fixed rate of 2.875% plus 1% margin.

### 15 Provisions

	At 1 August 2019 £000	Increase in the period £000	At 31 July 2020 £000
Defined benefit obligations	2,861	2,202	5,063
<b>Total</b>	<b><u>2,861</u></b>	<b><u>2,202</u></b>	<b><u>5,063</u></b>

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in Note 17.

### 16 Cash and cash equivalents

	At 1 August 2019 £000	Cashflows £000	Other changes £000	At 31 July 2020 £000
Cash and cash equivalents	4,860	29	-	4,889
<b>Total</b>	<b><u>4,860</u></b>	<b><u>29</u></b>	<b><u>-</u></b>	<b><u>4,889</u></b>

## The Blackpool Sixth Form College

### 17 Defined benefit obligations

The college's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Council. Both are defined-benefit plans.

Total pension cost for the year	31 July 2020 £000	31 July 2019 £000
Teachers Pension Scheme: contributions paid	868	577
Local Government Pension Scheme Contributions paid	238	217
FRS 102 (28) charge	470	387
Charge to the Statement of Comprehensive Income (staff costs)	708	604
<b>Total Pension Cost for Year</b>	<b><u>1,576</u></b>	<b><u>1,181</u></b>

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 2019. Contributions amounting to £30,739 (2018/19: £26,152) were payable to the LGPS and £Nil (2018/19: £76,521) were payable to the TPS at 31st July and are included within creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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 FRS102 (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 FRS102 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.

The valuation of the TPS is carried out in line with regulations made under 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.

## The Blackpool Sixth Form College

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### 17 Defined benefit obligations (continued)

As a result of the valuation, new employer contribution rates were set at 23.6% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department has agreed to pay a teacher pension employer contribution grant to cover the additional costs until March 2021.

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 £1,220,317 (2018/19: £916,169)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 July 2020 were £354,289 (2019: £314,127), of which employer's contributions totalled £238,026 (2019: £209,138) and employees' contributions totalled £116,263 (2019: £104,989). The agreed future contribution rates are 13% to April 2021, 14.2% to April 2022 and 15.4% to April 2023, and a rate between 5.5% and 12.5% for employees depending on their salary level.

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

These accounts show a past service cost of £22,000 (2019: £104,000) in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgement is based on a number of key assumptions including:

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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI.

## The Blackpool Sixth Form College

### 17 Defined benefit obligations (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 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.8%	3.7%
Rate of increase for pensions in payment / inflation	2.4%	2.3%
Discount rate for scheme liabilities	1.6%	2.2%
Inflation assumption (CPI)	2.3%	2.2%

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

	At 31 July 2020	At 31 July 2019
<b>Retiring today:</b>		
Males	22.3	22.8
Females	25	25.5
<b>Retiring in twenty years:</b>		
Males	23.8	25.1
Females	26.8	28.2

The assets in the plan (of which the college's share is estimated to be 0.08%) and the expected rates of return were:

	Value at 31 July 2020 £'000	Value at 31 July 2019 £'000
Equities	3,153	3,381
Bonds	477	113
Property	940	623
Cash	124	127
Other	2,219	2,830
<b>Total fair value of plan assets</b>	<b>6,913</b>	<b>7,074</b>
<b>Actual return on plan assets</b>	<b>(159)</b>	<b>902</b>

## The Blackpool Sixth Form College

### 17 Defined benefit obligations (continued)

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

	2020 £'000	2019 £'000
Fair Value of plan assets	(6,913)	(7,074)
Present value of plan liabilities	11,976	9,935
	<hr/>	<hr/>
<b>Net pensions liability (Note 15)</b>	<b>5,063</b>	<b>2,861</b>
	<hr/>	<hr/>

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

	2020 £'000	2019 £'000
<b>Amounts included in staff costs:</b>		
Employer service cost (net of employer contributions)	(436)	(274)
Administration expenses	(12)	(9)
Net interest cost	(61)	(41)
Past service cost	(22)	(104)
	<hr/>	<hr/>
<b>Total</b>	<b>(531)</b>	<b>(428)</b>
	<hr/>	<hr/>

	At 31 July 2020 £'000	At 31 July 2019 £'000
<b>Amount recognised in other comprehensive income:</b>		
Remeasurements (liabilities)	(1,124)	(1,690)
Remeasurements (assets)	(547)	726
	<hr/>	<hr/>
<b>Total</b>	<b>(1,671)</b>	<b>(964)</b>
	<hr/>	<hr/>

# The Blackpool Sixth Form College

## 17 Defined benefit obligations (continued)

	2020 £'000	2019 £'000
<b>Movement in net defined liability during year</b>		
Deficit in scheme at 1 August	(2,861)	(1,469)
Movement in year:		
Employer service cost	(673)	(483)
Employer contributions	237	209
Administration expenses	(12)	(9)
Net interest	(61)	(41)
Past service cost	(22)	(104)
Actuarial gain or loss	(1,671)	(964)
<b>Net defined liability at 31 July</b>	<b>(5,063)</b>	<b>(2,861)</b>
 <b>Asset and liability reconciliation</b>		
	<b>At 31 July 2020 £'000</b>	<b>At 31 July 2019 £'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	9,935	7,453
Service cost	673	483
Interest cost	219	217
Employee contributions	116	105
Remeasurement losses/(gain)	1,124	1,690
Benefits/transfers paid	(113)	(117)
Past Service cost	22	104
<b>Defined benefit obligations at end of period</b>	<b>11,976</b>	<b>9,935</b>
 <b>Changes in fair value of plan assets</b>		
Fair value of plan assets at start of period	7,074	5,984
Interest on plan assets	158	176
Remeasurement (losses)/gain	(547)	726
Employer contributions	237	209
Employee contributions	116	105
Benefits/transfers paid	(113)	(117)
Administration expenses	(12)	(9)
<b>Fair value of plan assets at end of period</b>	<b>6,913</b>	<b>7,074</b>

## The Blackpool Sixth Form College

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### 18 Events after the reporting period

There have been no significant events after the reporting period.

### 19 Capital and other commitments

	31 July 2020 £000	31 July 2019 £000
Commitments contracted for at 31 July	-	-

### 20 Lease Obligations

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

	31 July 2020 £000	31 July 2019 £000
<b>Future minimum lease payments due</b>		
<b>Equipment</b>		
Not later than one year	6	7
Later than one year and not later than five years	5	11
Later than five years		
	<b>11</b>	<b>18</b>

The lease expense accounted for during the year amounted to £7k (2019:£7k).

## The Blackpool Sixth Form College

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### 21 Related Party Transactions

Due to the nature of the college's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a Director of the Corporation may have an interest. All transactions involving organisations in which a Director may have an interest are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures. The agenda for each meeting contains a standard item for declaration of interest in connection with any of the items on the agenda.

The total expenses paid to or on behalf of the directors during the year was £Nil (2019: £Nil). No director has received any remuneration or waived payments from the college during the year (2019: None).

#### **Fylde Coast Teaching School Limited** – an associate of The Blackpool Sixth Form College

There were sales ledger transactions in the year amounting to £208,161 (2019: £197,555) primarily in relation to the recharge of staffing costs for staff secondment and staff on joint employment contracts, administration services and the use of Specialist Leaders in Education. There were purchase ledger transactions in the year amounting to £2,579 (2019: £3,910), primarily in relation to teacher training costs, and shared costs of the teaching alliance. At the end of the year Fylde Coast Teaching School owed college £76,600 (2019: £54,305), and college owed Fylde Coast Teaching School £Nil (2019: £Nil).

#### **Fylde Coast Academy Trust** – an associate of The Blackpool Sixth Form College

There were sales ledger transactions in the year amounting to £Nil (2019: £905). There were purchase ledger transactions in the year amounting to £42,300 (2019: £19,880), primarily in relation to the provision of governance services and teaching staff costs. At the end of the year the Fylde Coast Academy Trust owed college £Nil (2019: £834) and college owed Fylde Coast Academy Trust £Nil (2019: £280).

