

# **THE BLACKPOOL SIXTH FORM COLLEGE**

**Report and Financial Statements  
For the Year Ended 31 July 2018**

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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 2018.

### 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 14.

In setting and reviewing the college's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. 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 2018 to 31 July 2019. 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. The college's strategic aims are:

- **Standards:** To promote a culture of continuous improvement so that we always aspire to be the best we can be.
- **Curriculum:** To provide a diverse, enriched and valid curriculum offer which teaches skills relevant to the 21<sup>st</sup> century and meets the needs of all our students, higher education, employers and our local community.

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- **Support:** To engender purposeful learning and behaviours so that all students are prepared effectively for success now and in their future careers.
- **Leadership:** To sustain a learning college in a highly effective organisational structure where staff are inspired to excel and access excellent career development opportunities.

Some of the specific targets in the 2017/18 strategic development plan which either directly or indirectly affected the financial status of the college were:

- plan for strong long-term financial health
- increase student numbers

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

- further develop teaching, learning and assessment to respond to curriculum reform
- significantly increase participation in work experience
- harness the growing collaboration with Fylde Coast Academy Trust (FCAT), Fylde Coast Teaching School Alliance (FCTSA) and school improvement boards
- develop strong curriculum links and effective transition strategies with schools
- further develop and promote the Route 3 offer
- further improve the alternatives to HE, especially progression to higher level apprenticeships

The college is on target to achieve almost all of its strategic development plan objectives for 2017/18, and for any not fully achieved it has made significant progress towards achievement.

The targets included in the strategic development plan for 2018/19 which directly cover the financial status of the college are:

- plan for strong long-term financial health
- review and refine recruitment strategies and increase student numbers
- increase retention

In 2018/19 some specific targets which either directly or indirectly demonstrate the public benefit of the college include:

- develop and implement a social action strategy
- implement the careers strategy
- further develop the staff health and well-being programme
- enhance KS4 to KS5 transition
- further enhance collaborative opportunities as Fylde Coast Academy Trust sponsors
- maximise engagement opportunities with external partners (including employers)
- refocus on the college community

### 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 monitored regularly;
- produce timely and accurate financial reports for the senior leadership team (SLT) and the Corporation;

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- 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;
- have in place effective financial regulations and procedures;
- 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 and curriculum development to ensure efficient staffing levels; and
- 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. ALPS continues to be used as an interim measure of value added alongside Level 3 value added (L3VA). College also uses an internal measure of progress towards minimum target grades (MTG) as a measure of performance against in year value added.

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 "outstanding" at 31 July 2017 in line with the previous years assessment. 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 (formerly succession rates);
- value added;
- internal progression between years; and
- progression to positive destinations;

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

In 2017/18 the college achieved:

- a Year 2 achievement rate of 96.1% at BTEC (2016/17 95.5%)
- a Year 2 achievement rate of 96.5% at A level (2016/17 97.9%)
- an ALPS score for Value Added of 2 for BTEC (2016/17 2)
- an ALPS score for Value Added of 4 for A level (2016/17 2)

Additionally:

- in Year 2 BTEC, 94.7% of students achieved or beat their minimum target grade (2016/17 95.0%)

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- in Year 2 A level, 71.6% of students achieved or beat their minimum target grade (2016/17 76.7%)

Current year data is taken from raw results published on results day (16/08/18) and may be subject to change once remarks etc are available. L3 value added data for 2017/18 is not yet available. However, in 2016/17 L3 value added was +0.22 for A level (2015/16 +0.15) and +0.79 for BTEC (2015/16 +0.76).

As of October 1 2018, 92.2% of lower sixth students on roll in May progressed into their second year of study compared to 91.7% the previous year. In addition 72% of our Route3 cohort on roll in May progressed onto their second year of study compared to 68.9% the previous year. Internal progression, therefore, has slightly increased compared to the previous year.

As at the end of September 2018 the 2016/17 data is showing that 73.6% of Upper Sixth completers have gone on to higher education. 4.1% are taking a gap year. 19.5% have gone on to further education, an apprenticeship, the armed forces or employment. 0.8% of students are currently seeking employment. Currently we have been unable to confirm the destination of 2.0% of Upper Sixth completers compared to 0.3% last year

### **Inspection**

In May 2009 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.

### **Financial Position**

#### **Financial Results**

The college generated an operating surplus in the year of £Nil (2016/17 £336,000).

The college has accumulated reserves and net assets of £11,916,000, cash balances of £5,025,000 and long term loans of £4,073,000.

Planning permission has been granted for a permanent car park and construction work is underway. This is held as Assets Under Construction.

The college has significant reliance on the ESFA as its principal funding source, largely from recurrent grants. In 2017/18 the ESFA provided 96% (2016/17 97%) of the college's total income.

### **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

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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 £654,000 (2016/17 £799,000) the operating cash inflow continues to be strong reflecting the surplus generated by the college. There has been capital expenditure of £373,000, on various items of equipment, and the initial phase of the car park development. The cash balance of £5,025,000 will be utilised to support the college through a period of austerity following reduced funding and a period of decline in the demographic of the local area. It will also be used to support the college to undertake the final stages of the campus redevelopment programme in the future.

### **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 reserves is £10,308,000, which is 103% of income.

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

### **Student numbers**

In 2017/18 the college has generated funding of £8.5m (2016/17 £8.87m) which is below the main ESFA allocation of £8.87m (2016/17 £9.64m). The college had 2,033 (2016/17 2,164) funded students but had 1,952 on roll at the accounting date. This decrease in student numbers has been reflected in the ESFA funding allocation for 2018/19.

### **Student achievements**

Students continue to succeed at the college. Although achievement rates for A level have dipped slightly to 96.5% they have increased slightly in BTEC year 2 from 95.5% to 96.1%. In terms of value added the college has once again achieved an ALPS score of "2" in BTEC but has seen a drop at A level from ALPS 2 to ALPS 4. This was somewhat expected due to linearisation and a number of significant in-year staffing changes, however, plans have already been implemented to ensure better outcomes in 2019. There has also been a small decline this year in the proportion of students achieving or beating their minimum target grade (MTG). This must be considered in the context of a significant increase in the previous year. For BTEC year 2, MTG achievement is now 94.7%, a very small dip of just 0.3 percentage points from 2017, and for A level this is now 71.6%, a decrease of 5.1%. MTGs are calculated using the Level 3 value added formula and is, therefore, an early indicator of performance against the national Level 3 value added measure which will be published in February 2019.

### **Curriculum developments**

In 2017/18, 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. 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 with courses in BTEC level 2 business and IT being offered as a package and public services and media being doubled in size. In addition to these options, students will also study GCSE maths and English as required and also continue to be able to study BTEC level 2 Workskills. Level 3 BTEC courses remain on the 2010 specification, however, BTEC level 3 Film and TV has moved to the new 2016 specification, with the first cohort of students due to complete in 2019. This introduction of the new specification, which includes external assessment, is acting as a trial for when all subjects will need to move to this new specification in 2020.

In preparation for the introduction of T levels, the college has secured capacity delivery funding (CDF) to support the development of industry placements. The aim is for at least 41 students to secure and complete industry placements of at least 45 days during 2018/19.

The college was awarded STEM assured status in June 2016, and continues to develop the curriculum to ensure that STEM provision is very much a priority.

### **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 2017 to 31 July 2018, the college paid 88% (2016/17 90%) 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.

### **Teaching School**

In the summer of 2011 the college was designated as a teaching school in partnership with Hodgson Academy in Poulton-le-Fylde. From this a new company, limited by guarantee, Fylde Coast Teaching School, was set up with Hodgson Academy, and now includes Hambleton Primary Academy and Breck Primary School. There is now a group of other good and outstanding educational institutions from around the Fylde Coast which form the Fylde Coast Teaching School Alliance. This includes seventeen local primary and secondary schools.

There are also 20 member schools evenly split between Lancashire and Blackpool schools. All partners have contributed to a 2018/19 CPD Twilight Programme comprising over 60 sessions throughout the year for teachers, leaders, support staff and governors. Fylde Coast Teaching School is the National Professional Qualification in Middle Leadership (NPQML) and National Professional Qualification in Senior Leadership (NPQSL) leadership hub for Star Institute (formerly Tauheedul Education Trust) and is delivering the courses to nearly 100 local leaders, a further cohort of ML and SL have successfully recruited and will begin in Autumn 2018. The Teaching School is currently delivering a Strategic School Improvement Fund (SSIF) maths project worth £700k for 'all-through' maths transition in Blackpool and has been given the go ahead by the DfE to extend this to local Lancashire schools. The Teaching School



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is also successfully delivering a year 6 – 7 transition project in Lancashire and will be working with primary and secondary schools across Fleetwood on this project.

### **Initial Teacher Training Report**

Our Secondary School Centred Initial Teacher Training (SCITT) programme achieved a grade 1 'Outstanding' OFSTED inspection outcome in Dec 2017. 100% of trainees went on to successfully complete the course and all secured teaching positions in local schools.

The SCITT will move into the delivery of our Primary programme (previously School Direct) from September 2018. The programme has recruited 24 secondary trainees and 20 primary trainees for 2018/19. The SCITT will also provide the assessment only route to allow practicing unqualified teachers to achieve Qualified Teacher Status (QTS).

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

In January 2013 the Fylde Coast Teaching School set up FCAT, a multi-academy trust which, with approval from the Department of Education, sponsors local academies. FCAT now sponsors four local high schools – Unity Academy, Blackpool Aspire Academy, Montgomery High School and Garstang Community Academy. Five primary academies have also joined FCAT, Hambleton Primary Academy, Westcliff and Gateway academies, Mereside Academy and Westminster Academy (formerly Claremont Primary School) providing the Trust with access to good and outstanding primary provision. The Trust's free school - Armfield Academy opened in September 2018 and will provide all-through education from 2 to 16.

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.

### **Future prospects**

The college's learner responsive funding for 2018/19 has been confirmed as £8.51m for 1,952 students compared to £8.87m for 2,033 students.

Funded student numbers have decreased in 2018/19 by 81 students. This reflects the change in demographic in the local area. Actual recruitment in 2018/19 has increased following improvements in student retention to upper sixth and increased lower sixth applications. College has also successfully improved its market share of applications in comparison to 2017/18.

The college received £276,000 in 2017/18 from the ESFA to support student bursaries and free meals. In 2018/19 college has received £267,000 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 – provided either directly from the ESFA in the form of bursary or free meal allocations or supported from college through their main funding grant, students from low income backgrounds are supported to enable them to access education to increase their life chances.

### Resources

#### Tangible Assets

The college has £23.3m in fixed assets. Planning permission for a permanent car park has been granted and construction work is underway as at the year end date. This is expected to be completed in 2018/19.

#### Financial

The college has £11.9m of net assets (including £1.5m pension liability). As at the 31<sup>st</sup> July 2018 college has a long term loan repayable by 2032 of which £2.57m is outstanding and a further long term loan repayable by 2027 of which £1.5m is outstanding.

#### People

As at 31<sup>st</sup> July 2018 the college employed 177 people, expressed as full time equivalents (2016: 187), of whom 88 (2017: 99) 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. 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 feeder high schools and a range of other stakeholders and community groups. The college has Investors in People Gold status, Dyslexia Friendly status, has received the Customer Service Excellence Award, and has STEM Assured status. 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 2018 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;
- 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.

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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 2018 included:

### **Failure to achieve college enrolment target**

As the number of students fall in the local high schools the chance of failing to achieve the enrolment target increases. This risk is mitigated by keeping the curriculum under review, further developing the marketing team and implementing a robust marketing plan, increasing the marketing budget, maintaining a strong presence in the high schools, re-energising open events at college, taster days, keeping warm strategies and new student days, and use of strategies to improve lower sixth to upper sixth progression. The Route 3 programme has also been further developed. The closure of three school sixth forms has further mitigated this risk.

### **Failure to maintain staffing cost ratio**

Salary costs continue to increase through annual pay and incremental rises, and pension cost increases. However, government funding levels remain unchanged. This has increased the risk that college fails to maintain a ratio of staffing at or below 70% of income. The college mitigates this risk through early business planning, continued review of recruitment, monthly KPI reviews, and a rolling 5 year financial plan.

### **Risk of low staff morale**

During times of austerity and increased workload the risk of low staff morale is increased. College mitigates this risk through an approachable Human Resources department, and offers a Staff Forum to enable staff to contribute to college discussion. There has been a focus on staff health and wellbeing and a dedicated group with staff representatives continues to grow in 2018/19. The annual staff survey conducted in June 2018 indicates that staff are happy at Blackpool Sixth, with 95% overall satisfaction compared to 90% in 2016/17.

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 in place robust safeguards in recognition of this and included the matter on its risk register so that it can be monitored regularly by the Corporation.

## **Stakeholder Relationships**

The college has many stakeholders, including:

- students and their parents and guardians
- employees
- Directors
- Education and Skills Funding Agency (ESFA)
- Sixth Form Colleges Association (SFCA)
- Blackpool School Improvement Board
- Blackpool Opportunity Area Board
- local authorities including Blackpool Council, Lancashire County Council, Wyre Borough Council and Fylde Council
- 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
- feeder high schools
- other sixth form and further education colleges
- universities and other training providers
- employers and work experience providers

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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 Evening, 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.

### **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.

### **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 2017 to 31 March 2018).

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Number of employees who were relevant union officials during the relevant period	FTE employee number
5	5

Percentage of time	Number of employees
0%	0
1-50%	5
51-99%	0
100%	0

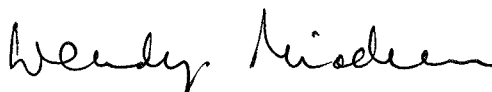
Total cost of facility time	£6,415
Total pay bill	£6,590,299
Percentage of total bill spent on facility time	0.10%

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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### 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 4<sup>th</sup> December 2018 and signed on its behalf by:



Ms W Middlemas, Chair

## Professional Advisers

### Financial statements auditors and reporting accountants:

Mazars LLP  
14<sup>th</sup> Floor  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

### 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 2017/18:

Jill Gray	Principal and Accounting Officer
Gail Yeadon	Deputy Principal

## **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 2017 to 31 July 2018 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 2016 insofar as it is applicable to the further education sector

The college is committed to exhibiting best practice in all aspects of corporate governance. On 1<sup>st</sup> 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 2018. 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 2017/18	Corporation meeting attendance
Ms W Middlemas (Chair)	08.04.14 07.04.18 24.09.18	4 years		Member	Remuneration; Self-Assessment	3 of 3
Mr J Boyle (Resigned as Chair 24.09.18)	09.07.13 07.04.14 31.03.18 24.09.18	4 years		Member	Administration & Finance; Search & Governance; Remuneration; Self-Assessment	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 M Waterhouse	01.09.15	4 years	03.07.18	Staff	Administration & Finance	3 of 3
Mr N Webster	26.03.13 26.03.17	4 years		Staff		2 of 3
Ms D Taaffe	05.02.16	4 years		Member	Audit; Remuneration	3 of 3
Ms V Blakeman	03.02.17	4 years		Member	Self-Assessment	2 of 3
Ms C Coyne	16.02.17	4 years		Parent	Administration and Finance	3 of 3
Rev S Haskett	04.07.17	4 years		Member	Audit; Search and Governance	2 of 3
Ms H Fogg	04.07.17	4 years	18.09.17	Member		0 of 1
Ms A Hall	05.12.17	4 years		Member	Administration and Finance; Search and Governance	2 of 3
Mr C Simkins	05.02.18	4 years		Member		2 of 2
Mr R Hill	27.11.17	2 years		Student	Administration and Finance	2 of 3
Mr A Burr	24.09.18	4 years		Staff	Administration and Finance	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 Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least once each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Standards Board (of which all Directors are members), Administration and Finance, Remuneration, Search and Governance, and Audit. The Corporation is also a member of the Fylde Coast Academy Trust Safeguarding Board and a designated Safeguarding Director



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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 Montgomery High School  
All Hallows Road  
Blackpool  
Lancashire FY2 0AZ

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.

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.

### **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' 2017/18 Self-Assessment Report graded college governance as 'Good'. Key strengths included:

- strong and ambitious vision for the college
- robust focus on raising educational standards and outcomes
- strong and consistent approach to college core values
- exemplary approaches to safeguarding
- comprehensive, diverse and effective governing body

Key areas for improvement included:

- under-developed employer engagement strategy at Board level
- under-developed induction programme for new Directors

### **Remuneration Committee**

Throughout the year ending 31 July 2018 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 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 2018 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 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 accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of internal, 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 Blackpool Sixth Form College**

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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 2018 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the college is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the college's significant risks that has been in place for the period ending 31 July 2018 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. At minimum annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the college. The report includes the HIA's independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

## The Blackpool Sixth Form College

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### Review of effectiveness

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

- the work of the internal auditors;
- the work of the executive managers within the college who have responsibility for the development and maintenance of the internal control framework; 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.

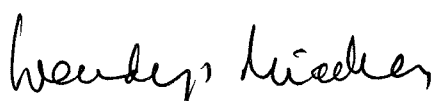
The Accounting Officer and senior leadership team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal 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 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2018.

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"*.

### 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.

Approved by order of the members of the Corporation on 4 December 2018 and signed on its behalf by:



Ms W Middlemas, Chair



Ms J Gray, Accounting Officer

## The Blackpool Sixth Form College

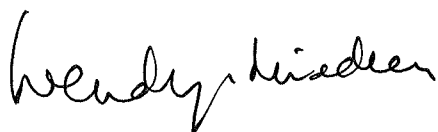
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### Statement of Regularity, Propriety and Compliance

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.

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

4<sup>th</sup> Dec 2018



Ms J Gray, Accounting Officer

4<sup>th</sup> Dec 2018

## **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 for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the College Accounts Direction 2017 to 2018 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;
- 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.

## The Blackpool Sixth Form College

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Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place 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 are not put at risk.

Approved by orders of the members of the Corporation on 4 December 2018 and signed on its behalf by:



Ms W Middlemas, Chair

# **The Blackpool Sixth Form College**

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

### **Opinion**

We have audited the financial statements of The Blackpool Sixth Form College ("the College") for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of the College's result for the year then ended;
- 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 Strategic 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
- 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 page 20, the Corporation are 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 are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

## The Blackpool Sixth Form College

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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.



Gareth Hitchmough (Senior statutory auditor)

for and on behalf of Mazars LLP

14<sup>th</sup> Floor  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

Date: 6th December 2018

## **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 Department for Education ("the Department")**

In accordance with the terms of our engagement letter dated 8 October 2018 and further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Blackpool Sixth Form College during the 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

The corporation of The 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 2017 to 31 July 2018 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 Department. We performed a limited assurance engagement as defined in that framework.

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

## The Blackpool Sixth Form College

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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 funding agreement with the EFA.
- 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.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- 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 01 August 2017 to 31 July 2018 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  
14th Floor  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

Date: 6th December 2018

**The Blackpool Sixth Form College**  
**Statement of Comprehensive Income**  
**31 July 2018**

	Notes	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
<b>Income</b>			
Funding body grants	2	9,677	10,339
Tuition fees and education contracts	3	73	71
Research grants and contracts	4	15	47
Other income	5	244	173
Investment income	6	11	10
<b>Total Income</b>		<b>10,020</b>	<b>10,640</b>
<b>Expenditure</b>			
Staff costs	7	6,927	7,352
Other operating expenses	8	2,053	1,903
Depreciation	11	790	792
Interest and other finance costs	9	249	254
<b>Total Expenditure</b>		<b>10,019</b>	<b>10,301</b>
<b>Surplus before other gains and losses</b>		<b>1</b>	<b>339</b>
Loss on disposal of assets	11	(1)	(3)
<b>Surplus/(deficit) before tax</b>		<b>-</b>	<b>336</b>
Taxation	10	-	-
<b>Surplus/(deficit) for the year</b>		<b>-</b>	<b>336</b>
Actuarial gain in respect of pension schemes	17	741	118
<b>Total comprehensive income for the year</b>		<b>741</b>	<b>454</b>
Represented by:			
Unrestricted comprehensive income for the year		741	454
		<b>741</b>	<b>454</b>

**The Blackpool Sixth Form College**  
**Statement of Changes in Reserves**  
**31 July 2018**

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> August 2016</b>	9,023	1,698	10,721
Surplus/(deficit) from the income and expenditure account	336	-	336
Other comprehensive income	118	-	118
Transfers between revaluation and income and expenditure reserves	45	(45)	-
	499	(45)	454
<b>Balance at 31<sup>st</sup> July 2017</b>	9,522	1,653	11,175
Surplus/(deficit) from the income and expenditure account	-	-	-
Other comprehensive income	741	-	741
Transfers between revaluation and income and expenditure reserves	45	(45)	-
<b>Total comprehensive income for the year</b>	786	(45)	741
<b>Balance at 31 July 2018</b>	10,308	1,608	11,916

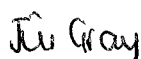
**The Blackpool Sixth Form College**  
**Balance Sheet**  
**As at 31 July 2018**

	Notes	Year ended 31 July 2018	Year ended 31 July 2017
		£'000	£'000
<b>Non current assets</b>			
Tangible Fixed assets	11	23,365	23,793
		<b>23,365</b>	<b>23,793</b>
<b>Current assets</b>			
Stocks		13	7
Trade and other receivables	12	201	150
Cash and cash equivalents	16	5,025	4,775
		<b>5,239</b>	<b>4,932</b>
<b>Less: Creditors – amounts falling due within one year</b>	13	(1,779)	(1,667)
<b>Net current assets</b>		<b>3,460</b>	<b>3,265</b>
<b>Total assets less current liabilities</b>		<b>26,825</b>	<b>27,058</b>
Creditors – amounts falling due after more than one year	13	(13,440)	(14,033)
<b>Provisions</b>			
Defined benefit obligations	15	(1,469)	(1,850)
<b>Total net assets including pension liability</b>		<b>11,916</b>	<b>11,175</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account		10,308	9,522
Revaluation reserve		1,608	1,653
<b>Total unrestricted reserves</b>		<b>11,916</b>	<b>11,175</b>

The financial statements on pages 27 to 53 were approved and authorised for issue by the Corporation on 4<sup>th</sup> December 2018 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 2018**

	Notes	2018 £'000	2017 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		-	336
<b>Adjustment for non-cash items</b>			
Depreciation	11	790	792
Increase in stock		(6)	-
Decrease in trade and other receivables	12	(51)	47
Decrease in creditors due within one year	13	104	(145)
Decrease in creditors due after one year	13	(32)	(32)
Capital grant movement	13	(298)	(302)
Pensions costs less contributions payable	18	360	323
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(11)	(10)
Interest payable	9	(203)	(213)
Loss on sale of fixed assets	11	1	3
<b>Net cash flow from operating activities</b>		<u>654</u>	<u>799</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of assets		10	-
Investment income	6	11	10
Payments made to acquire fixed assets	11	(373)	(102)
		<u>(352)</u>	<u>(92)</u>
<b>Cash flows from financing activities</b>			
Interest paid	9	203	213
Repayments of amounts borrowed	14	(255)	(246)
		<u>(52)</u>	<u>(33)</u>
<b>Increase in cash and cash equivalents in the year</b>		<u><b>250</b></u>	<u><b>674</b></u>
Cash and cash equivalents at beginning of the year	16	4,775	4,101
Cash and cash equivalents at end of the year	16	5,025	4,775



## **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 2015 ("the 2015 HE FE SORP"), the College Accounts Direction for 2017 to 2018 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 college is actively planning its response to forthcoming funding reductions. The financial position of the college, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The college currently has £2.57m of loans outstanding with bankers on terms negotiated in 2007 and £1.5m 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

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

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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income 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.

## 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 the basis of depreciated replacement cost as the open market value for existing use 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:

## 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 college receives no similar exemption in respect of Value Added Tax. For this reason the college is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

### **Cash and cash equivalents**

Cash includes cash in hand and short-term deposits 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.

### **Stock**

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

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

### 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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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.

## The Blackpool Sixth Form College

### 2 Funding Body Grants

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - 16-19	8,945	9,699
<b>Specific grants</b>		
Education and Skills Funding Agency	407	333
Other non-recurrent grants	27	5
Release of government capital grants	298	302
<b>Total</b>	<b>9,677</b>	<b>10,339</b>

### 3 Tuition Fees and Education Contracts

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
International student fees	5	5
Apprenticeship fees and contracts	68	66
<b>Total</b>	<b>73</b>	<b>71</b>

## The Blackpool Sixth Form College

### 4 Other Grants and Contracts

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Other grants and contracts	15	47
	<u>15</u>	<u>47</u>

### 5 Other Income

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Other income generating activities	244	173
	<u>244</u>	<u>173</u>

### 6 Investment Income

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Other interest receivable	11	10
Net return on pension scheme (note 17)	-	-
	<u>11</u>	<u>10</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, expressed as full-time equivalents, was:

	Year ended 31 July 2018 Number	Year ended 31 July 2017 Number
Teaching staff	88	99
Non teaching staff	89	88
	<u>177</u>	<u>187</u>

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
<b>Staff costs for the above persons:</b>		
Wages and salaries	5,351	5,713
Social security costs	506	526
Other pension costs (including FRS102(28) adjustments of £314k in 2018 and £282k in 2017)	1,070	1,048
<b>Payroll sub total</b>	<u>6,927</u>	<u>7,287</u>
Restructuring costs – Contractual	-	37
- Non contractual	-	28
<b>Total staff costs</b>	<u>6,927</u>	<u>7,352</u>

#### 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

	2018 Number	2017 Number
The number of key management personnel including the Accounting Officer was:	2	2

## The Blackpool Sixth Form College

### 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 2018		Year ended 31 July 2017	
	Number senior post- holders	Number Other Staff	Number senior post- holders	Number Other Staff
£60,001 to £70,000	-	1	-	-
£70,001 to £80,000	1	-	1	-
£110,001 to £120,000	1	-	1	-
	<u>2</u>	<u>1</u>	<u>2</u>	<u>-</u>

There was a pay award of 1% for teaching staff and support staff in 2017/18.

Key management personnel salaries were subject to separate review. No severance payments were made in 2017/18 (2016/17 Nil).

Key management personnel emoluments are made up as follows:

	2018 £000	2017 £000
Salaries	190	197
Employers National Insurance	24	25
	<u>214</u>	<u>222</u>
Pension contributions	31	31
<b>Total key management personnel emoluments</b>	<u><b>245</b></u>	<u><b>253</b></u>

Bonuses were awarded to key management personnel but were waived in the year. 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 2018 £000	Year Ended 31 July 2017 £000
Salary	<u>113</u>	<u>118</u>
Pension contributions	<u>19</u>	<u>18</u>

## The Blackpool Sixth Form College

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### 7 Staff costs (continued)

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.

### 8 Other Operating Expenses

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Teaching costs	528	484
Non teaching costs	1,026	935
Premises costs	499	484
<b>Total</b>	<b>2,053</b>	<b>1,903</b>
<b>Other operating expenses include:</b>	<b>Year ended 31 July 2018 £000</b>	<b>Year ended 31 July 2017 £000</b>
Auditors' remuneration:		
External auditors - financial statements audit	12	10
Internal audit	12	12
Hire of plant and machinery - operating leases	10	12

## The Blackpool Sixth Form College

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### 9 Interest and other finance costs

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
On bank loans, overdrafts and other loans:	203	213
	<hr/> 203	<hr/> 213
Net interest on defined pension liability (see note 17)	46	41
	<hr/> 249	<hr/> 254

### 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	Assets under development	Plant & Machinery	Equipment	Computers	Leased Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 August 2017	26,529	7	2,156	2,312	1,370	10	32,384
Additions	11	152	77	11	122	-	373
Disposals	-	-	(20)	-	(73)	-	(93)
<b>At 31 July 2018</b>	<b>26,540</b>	<b>159</b>	<b>2,213</b>	<b>2,323</b>	<b>1,419</b>	<b>10</b>	<b>32,664</b>
<b>Depreciation</b>							
At 1 August 2017	4,620	-	800	1,814	1,347	10	8,591
Charge for year	517	-	111	102	60	-	790
Eliminated in respect of disposals	-	-	(9)	-	(73)	-	(82)
<b>At 31 July 2018</b>	<b>5,137</b>	<b>-</b>	<b>902</b>	<b>1,916</b>	<b>1,334</b>	<b>10</b>	<b>9,299</b>
<b>Net book value At 31 July 2018</b>	<b>21,403</b>	<b>159</b>	<b>1,311</b>	<b>407</b>	<b>85</b>	<b>-</b>	<b>23,365</b>
<b>Net book value At 31 July 2017</b>	<b>21,909</b>	<b>7</b>	<b>1,356</b>	<b>498</b>	<b>23</b>	<b>-</b>	<b>23,793</b>
Inherited	1,608	-	-	-	-	-	1,608
Financed by capital grant	9,186	-	684	51	-	-	9,921
Other	10,609	159	627	356	85	-	11,836
<b>Net book value At 31 July 2018</b>	<b>21,403</b>	<b>159</b>	<b>1,311</b>	<b>407</b>	<b>85</b>	<b>-</b>	<b>23,365</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 £1,608,000 (2017: £1,653,000) 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 2018 is £592,000 (2017: £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>	<b>-</b>

## The Blackpool Sixth Form College

### 12 Trade and other receivables

	31 July 2018 £000	31 July 2017 £000
<b>Amounts falling due within one year</b>		
Trade receivables	84	31
Prepayments and accrued income	89	109
Other receivables	28	10
<b>Total</b>	<b>201</b>	<b>150</b>

### 13 Creditors

	31 July 2018 £000	31 July 2017 £000
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	267	255
Trade payables	199	103
Other taxation and social security	124	129
Accruals and deferred income	523	499
Amount owing to the ESFA	20	-
Other creditors	101	100
Deferred income – government capital grants	294	298
Holiday pay accrual	251	283
<b>Total</b>	<b>1,779</b>	<b>1,667</b>

	31 July 2018 £000	31 July 2017 £000
<b>Amounts falling due after more than one year</b>		
Bank loans and overdrafts	3,806	4,073
Other payables	-	32
Deferred income – government capital grants	9,634	9,928
<b>Total</b>	<b>13,440</b>	<b>14,033</b>

## The Blackpool Sixth Form College

### 14 Bank loans and overdrafts

	31 July 2018 £000	31 July 2017 £000
Bank loans and overdrafts are repayable as follows:		
In one year or less	267	255
Between one and two years	277	267
Between two and five years	902	866
In five years or more	2,627	2,940
<b>Total</b>	<b>4,073</b>	<b>4,328</b>

Bank loans are secured by a negative pledge. £526,000 is repayable in monthly installments at a rate linked to base rate. £2,317,000 is repayable in monthly installments at a fixed rate of 5.31% plus margin and £1,229,000 is repayable in monthly installments at a fixed rate of 2.875% plus margin.

### 15 Provisions

	At 1 August 2017 £000	Expenditure £000	Additions £000	At 31 July 2018 £000
Defined benefit obligations	1,850	(381)	-	1,469
<b>Total</b>	<b>1,850</b>	<b>(381)</b>	<b>-</b>	<b>1,469</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 2017 £000	Cashflows £000	Other changes £000	At 31 July 2018 £000
Cash and cash equivalents	4,775	250	-	5,025
<b>Total</b>	<b>4,775</b>	<b>250</b>	<b>-</b>	<b>5,025</b>



## **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.

<b>Total pension cost for the year</b>	<b>31 July 2018 £000</b>	<b>31 July 2017 £000</b>
Teachers Pension Scheme: contributions paid	553	591
Local Government Pension Scheme Contributions paid	203	175
FRS 102 (28) charge	314	282
Charge to the Statement of Comprehensive Income (staff costs)	517	457
<b>Total Pension Cost for Year</b>	<b>1,070</b>	<b>1,048</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 2012 and the LGPS 31 March 2016. Contributions amounting to £24,825 (2017: £24,242) were payable to the LGPS and £74,169 (2017: £75,843) 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. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010, and from 1 April 2014, the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales maintained by local authorities. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

### **The Teachers' Pension Budgeting and Valuation Account**

Although members are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) acts are, as provided for in the Superannuation Act 1972, paid out of public monies provided by Parliament. 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.

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

## **17 Pension and similar obligations (continued)**

### **Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The real rate of earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

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

### **Scheme Changes**

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

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

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

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

The pension costs paid to TPS in the year amounted to £877,000 (2017: £927,000)

## **17 Pension and similar obligations (continued)**

### **FRS 102 (28)**

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

Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the plan 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.

### **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 2018 were £299,676 (2017: £275,019), of which employer's contributions totalled £197,999 (2017: £174,146) and employees' contributions totalled £101,677 (2017: £100,873). The agreed contribution rate to April 2019 is 11.8% and a rate between 5.5% and 12.5% for employees depending on their salary level.

On 26 October, 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.

### **Principal Actuarial Assumptions**

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

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment / inflation	2.2%	2.1%
Discount rate for scheme liabilities	2.9%	2.6%
Inflation assumption (CPI)	2.1%	2.1%
Commutation of pensions to lump sums		

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

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
<b>Retiring today:</b>		
Males	22.7	22.6
Females	25.4	25.2
<b>Retiring in twenty years:</b>		
Males	25	24.9
Females	28	27.9

## The Blackpool Sixth Form College

### 17 Pension and similar obligations (continued)

The assets in the plan (of which the college's share is estimated to be 0.07%) and the expected rates of return were:

	Value at 31 July 2018 £'000	Value at 31 July 2017 £'000
Equities	2,627	2,374
Government Bonds	203	103
Bonds	36	124
Property	551	562
Cash	54	249
Other	2,513	1,995
<b>Total fair value of plan assets</b>	<b>5,984</b>	<b>5,407</b>

<b>Actual return on plan assets</b>	<b>445</b>	<b>604</b>
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The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2018 £'000	2017 £'000
<b>Fair Value of plan assets</b>	(5,984)	(5,407)
<b>Present value of plan liabilities</b>	7,453	7,257
<b>Net pensions liability (Note 15)</b>	<b>1,469</b>	<b>1,850</b>

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

	2018 £'000	2017 £'000
<b>Amounts included in staff costs:</b>		
Employer service cost (net of employee contributions)	(306)	(441)
Administration expenses	(8)	(8)
Net interest cost	(46)	(41)
Past service cost		
<b>Total</b>	<b>(360)</b>	<b>(490)</b>
<b>Amounts included in investment income:</b>		
Net interest income	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

# The Blackpool Sixth Form College

## 17 Pension and similar obligations (continued)

	At 31 July 2018 £'000	At 31 July 2017 £'000
<b>Amount recognised in other comprehensive income:</b>		
Remeasurement of (liabilities)	439	43
Remeasurements (assets)	302	75
<b>Total</b>	<u>741</u>	<u>118</u>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Movement in net defined liability during year</b>		
Deficit in scheme at 1 August	(1,850)	(1,645)
Movement in year:		
Employer service cost (net of employee contributions)	(504)	(441)
Employer contributions	198	167
Administration expenses	(8)	(8)
Net interest/return on assets	(46)	(41)
Actuarial gain or loss	741	118
<b>Net defined liability at 31 July</b>	<u><b>(1,469)</b></u>	<u><b>(1,850)</b></u>
<b>Asset and liability reconciliation</b>		
	<b>At 31 July</b>	<b>At 31 July</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	7,257	6,721
Service cost	504	441
Interest cost	188	175
Employee contributions	102	100
Remeasurements (gain)	(439)	(43)
Benefits/transfers paid	(159)	(137)
Past Service cost		
<b>Defined benefit obligations at end of period</b>	<u><b>7,453</b></u>	<u><b>7,257</b></u>
<b>Changes in fair value of plan assets</b>		
Fair value of plan assets at start of period	5,407	5,076
Interest on plan assets	142	134
Remeasurements gain	302	75
Employer contributions	198	167
Employee contributions	102	100
Benefits/transfers paid	(159)	(137)
Administration expenses	(8)	(8)
<b>Fair value of plan assets at end of period</b>	<u><b>5,984</b></u>	<u><b>5,407</b></u>

## 18 Events after the reporting period

There have been no significant events after the reporting period.

## 19 Capital and other commitments

	<b>31 July 2018 £000</b>	<b>31 July 2017 £000</b>
Commitments contracted for at 31 July	<u>98</u>	<u>-</u>

## 20 Lease Obligations

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

	<b>31 July 2018 £000</b>	<b>31 July 2017 £000</b>
<b>Future minimum lease payments due</b>		
<b>Equipment</b>		
Not later than one year	4	10
Later than one year and not later than five years	6	10
Later than five years	<u>10</u>	<u>20</u>

The lease expense accounted for during the year amounted to £10k (2017:£12k).

## 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 (2017: £Nil). No director has received any remuneration or waived payments from the college or its subsidiaries during the year (2017: None).

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

There were sales ledger transactions in the year amounting to £146,498 (2017: £67,594) 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 £3,054 (2017: £2,775), 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 £46,390 (2017: £22,460), and college owed Fylde Coast Teaching School £195 (2017: £Nil).

## **21 Related Party Transactions (continued)**

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

There were sales ledger transactions in the year amounting to £2,760 (2017: £7,999) primarily in relation to the provision of leadership and support services. There were purchase ledger transactions in the year amounting to £15,000 (2017: £15,080), primarily in relation to the provision of governance services. At the end of the year the Fylde Coast Academy Trust owed college £48 (2017: £1,079) and college owed Fylde Coast Academy Trust £Nil (2017: £Nil).

