

THE BLACKPOOL SIXTH FORM COLLEGE

**Report and Financial Statements
For the Year Ended 31 July 2019**

Contents

Strategic Report	1 – 11
Professional Advisers	12
Statement of Corporate Governance and Internal Control	13 – 19
Statement of Regularity, Propriety and Compliance	20
Statement of Responsibilities of the Members of the Corporation	21 - 22
Independent Auditor's Report to the Corporation of The Blackpool Sixth Form College	23 - 25
Reporting Accountant's Assurance Report on Regularity	26 - 28
Statement of Comprehensive Income	29
Statement of Changes in Reserves	30
Balance Sheet as at 31 July	31
Statement of Cash Flows	32
Notes to the Accounts	33 – 56

Strategic Report

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2019.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the 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 2019 to 31 July 2020. 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 21st century and meets the needs of all our students, higher education, employers and our local community.

The Blackpool Sixth Form College

- **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 2018/19 strategic development plan which either directly or indirectly affected the financial status of the college were:

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

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

- 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.

The college is on target to achieve almost all of its strategic development plan objectives for 2018/19. For any not fully achieved it has made progress towards achievement and carried forward these objectives.

The targets included in the strategic development plan for 2019/20 which directly cover the financial status of the college are:

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

In 2019/20 some specific targets which either directly or indirectly demonstrate the public benefit of the college include:

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

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;

The Blackpool Sixth Form College

- produce timely and accurate financial reports for the senior leadership team (SLT) and the Corporation;
- work closely with the Education and Skills Funding Agency (ESFA) and keep abreast of funding developments;
- ensure that expenditure is approved and represents value for money;
- 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, however is moving to ALPS Connect for in-year data monitoring from August 2019.

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 2018 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; and
- progression to positive destinations.

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

In 2018/19 the college achieved:

- a 2-year achievement rate of 95.7% at BTEC (2017/18 96.1%)
- a 2-year achievement rate of 93.6% at A level (2017/18 96.5%)
- an ALPS score for Value Added of 1.07 (band 2) for BTEC (2017/18 1.08 - band 2)
- an ALPS score for Value Added of 0.95 (band 5) for A level (2017/18 0.97 – band 4)

Additionally:

- in Year 2 BTEC, 93.4% of students achieved or beat their minimum target grade (2017/18 94.7%)
- in Year 2 A level, 67.5% of students achieved or beat their minimum target grade (2017/18 71.7%)

Current year data is taken from raw results published on results day (15/08/19) and may be subject to change once remarks etc are available. L3 value added data for 2018/19 is not yet available. However, in 2017/18 L3 value added was +0.09 for A level (2016/17 +0.22) and +0.41 for BTEC (2016/17 +0.79).

As at the end of September 2019 the 2018/19 data is showing that 70.4% of Upper Sixth completers have gone on to higher education. Of the remainder, 4.7% are taking a gap year and 22.8% have gone on to further education, an apprenticeship, the armed forces or employment. There are 0.1% of students currently seeking employment. Currently we have been unable to confirm the destination of 1.9% of Upper Sixth completers compared to 2.0% last year

Inspection

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

Financial Position

Financial Results

The college generated an operating deficit in the year of £388,000 (2017/18 £Nil).

The college has accumulated reserves and net assets of £10,564,000, cash balances of £4,860,000 and long term loans of £3,806,000.

Planning permission was granted for a permanent car park and construction work has been completed during the year.

The college has significant reliance on the ESFA as its principal funding source, largely from recurrent grants. In 2018/19 the ESFA provided 95% (2017/18 96%) 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 borrowed from Lloyds TSB has been made available for borrowing by the European Investment Bank over a term of 16 years.

The Blackpool Sixth Form College

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 £449,000 (2017/18 £1,060,000) the operating cash inflow remains positive, despite reduced income. There has been capital expenditure of £180,000, on various items of equipment, and the final phase of the car park development. The cash balance of £4,860,000 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 £9,001,000, which is 90.6% of income.

Current and Future Development and Performance

Student numbers

In 2018/19 the college has generated funding of £9m (2017/18 £8.5m) which is above the main ESFA allocation of £8.5m (2017/18 £8.87m). The college had 1,952 (2017/18 2,033) funded students but had 2,091 on roll at the accounting date. This increase in student numbers has been reflected in the ESFA funding allocation for 2019/20.

Student achievements

Students continue to succeed at the college. Although achievement rates have dipped slightly for A level from 96.5% to 93.6% and for BTEC from 96.1% to 95.7% these rates remain relatively high. 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 4 to ALPS 5 which is comparable to the majority of sixth form colleges following the move to a fully linear A Level programme. 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 93.4%, a small decrease of 1.3 percentage points (pp) from 2018, and for A level this is now 67.5%, a decrease of 4.2pp from 2018. 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 2020.

Curriculum developments

In 2018/19, 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

The Blackpool Sixth Form College

term of the second year of study. GCSE provision in maths and English was further refined to maximise opportunities for students to take a November resit wherever appropriate. The Route3 programme which offers a 3-year route, with students completing further studies at level 2 before embarking on a level 3 study programme, has been further developed in 2018-19 with courses in BTEC level 2 Business and IT being offered for the first time and public services and creative media being doubled in size. For 2019-20 Level 2 IFS personal finance has been offered along with BTEC level 2 in Health and Social Care which has recruited particularly well. In addition to these options, students will also study GCSE Maths and English as required. Level 3 BTEC courses remain on the 2010 specification, however, BTEC level 3 Film and TV moved to the new 2016 specification, with the first cohort of students completing in 2019; outcomes were very positive. This introduction of the new specification, which includes external assessment, has set a high benchmark within college with all subjects moving to this new specification in 2020.

The college 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 2018 to 31 July 2019, the college paid 87.2% (2017/18 88.1%) of its invoices within 30 days but did not incur any late payment charges.

Events after the end of the reporting period

There have been no significant post-balance sheet events.

Fylde Coast Teaching School (FCTS)

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 also a group of other good and outstanding educational institutions from around the Fylde Coast which form the Fylde Coast Teaching School Alliance. This includes 21 local primary and secondary schools (including all FCAT schools).

There are also 20 member schools evenly split between Lancashire and Blackpool schools. All partners have developed a 19/20 CPD Twilight Programme which is planned and delivered on a termly basis, in the Autumn term a combination of over 40 sessions and short course are offered for teachers, leaders, support staff and governors. Fylde Coast Teaching School is one of the largest leadership hubs in the region, providing National Professional Qualifications in Middle Leadership (NPQML) and Senior Leadership (NPQSL) through the licensee Star Institute. The courses provide leadership development to over 200 local professionals including support staff. Cohort five of each programme began in July and we are currently recruiting for a cohort six with a January 2020 start. The Teaching School successfully delivered the Strategic School Improvement Fund (SSIF) maths project worth £700k for 'all-through' maths transition in Blackpool in 17/18 and 18/19. The project was extended by the DfE to include additional Lancashire schools and has been assessed as being effective in the developing mastery approaches to maths in both primary and secondary phases. Primary maths results show pupils in Blackpool schools outperforming other schools nationally with maths teaching and learning recently described as a 'Powerhouse' at the Blackpool School

The Blackpool Sixth Form College

Improvement Board. The project has also trained seven maths system leaders who continue to support local schools. The Teaching School is currently waiting for external validation of the project outcomes by the DfE.

Initial Teacher Training Report

Our Outstanding Secondary School Centred Initial Teacher Training (SCITT) programme has been highly effective in 18/19. 24 secondary trainees and 20 primary trainees began 2018/19. 100% of trainees went on to successfully complete the course and secure teaching positions. The SCITT moved into the delivery of the Primary programme (previously School Direct) from September 2018. From the first cohort 100% of trainees successfully completed the course with 94% securing employment. The SCITT has also broadened its offer to include the assessment only route for practicing unqualified teachers to achieve Qualified Teacher Status (QTS), and courses for Early Years and Post-16 which will run from September 2019. Ofsted visited the SCITT this year to conduct research through the Secondary provision into the training and development of staff; the feedback from this visit was extremely complimentary.

Fylde Coast Academy Trust (FCAT)

In January 2013, the Fylde Coast Teaching School set up FCAT, a multi-academy trust, with approval from the Department of Education. FCAT now runs five local high schools – Armfield Academy (a free school offering education from 2-16 years), Blackpool Aspire Academy, Garstang Community Academy, Montgomery Academy and Unity Academy (an all-through school for 2 – 16 year olds). Five primary academies are now also part of FCAT - Gateway Academy, Hambleton Primary Academy, Mereside Academy, Westcliff Academy and Westminster Academy (formerly Claremont Primary School). FCAT also has two associate member schools – Fleetwood High School and Longridge High School.

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 2019/20 has been confirmed as £9m for 2,091 students compared to £8.5m for 1,952 students.

Funded student numbers have increased in 2019/20 by 139 students. This reflects the change in demographic in the local area, and the outcome of a change in marketing strategy. Actual recruitment in 2019/20 has increased following improvements in student retention to upper sixth and increased lower sixth applications and conversion.

The college received £301,000 in 2018/19 from the ESFA to support student bursaries and free meals. In 2019/20 college has received £304,000 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 £22.7m in fixed assets. Construction work for a permanent car park was completed during the year.

Financial

The college has £10.6m of net assets (including £2.9m pension liability). As at the 31st July 2019 college has a long term loan repayable by 2032 of which £2.44m is outstanding and a further long term loan repayable by 2027 of which £1.36m is outstanding.

People

As at 31st July 2019 the college employed 183 people, expressed as full time equivalents (2018: 177), of whom 92 (2018: 88) 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 partner high schools and a range of other stakeholders and community groups. The college has Dyslexia Friendly status and has received the Customer Service Excellence Award. The college has also received the CoLRIC (Council for Learning Resources in Colleges) quality mark.

Principal Risks and Uncertainties

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

- a. The board of directors has responsibility for overseeing risk management within the college as a whole;
- b. An open and receptive approach to solving problems is adopted by the board of directors;
- c. The senior leadership team support, advise and implement policies approved by the board of directors;
- d. The college makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- e. All staff are responsible for encouraging good risk management practice within their designated managed area; and
- f. Key risk indicators are identified and closely monitored on a regular basis.

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

The college’s Risk Register highlights those risks which the college considers to be the most serious. The highest ranking risks reported to the Audit Committee in June 2019 included:

Failure to achieve sufficient student numbers

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.

Reduction in Financial Health

Salary costs continue to increase through annual pay and incremental rises, and pension cost increases. However, government funding levels remain unchanged for 2018/19. This has increased the risk that college fails to maintain a ratio of staffing at or below 70% of income, increasing pressure on the overall financial health of the college. The college mitigates this risk through early business planning, continued review of recruitment, monthly KPI reviews, and a rolling 5 year financial plan.

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 2019/20. The annual staff survey conducted in June 2019 indicates that 95% of staff are happy working at Blackpool Sixth, sustained for a second year. The overall level of staff satisfaction is 96% compared to 93% in 2017/18.

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

Stakeholder Relationships

The college has many stakeholders, including:

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

The Blackpool Sixth Form College

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

Taxation

None of the college's activities are subject to corporation tax.

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.

The Blackpool Sixth Form College

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 2018 to 31 March 2019).

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

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

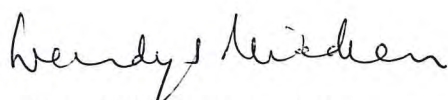
Total cost of facility time	£7,059
Total pay bill	£6,825,298
Percentage of total bill spent on facility time	0.10%

Time spent on paid trade union activities as a percentage of total paid facility time	4.68%
---	-------

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 5th December 2019 and signed on its behalf by:



Ms W Middlemas, Chair

Professional Advisers

Financial statements auditors and reporting accountants:

Mazars LLP
14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

Internal auditors:

RSM Risk Assurance Services LLP
9th 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 2018/19:

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 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector, including compliance with the principles of effective leadership, the appointment of a skilled and effective board of directors and good risk management.

The college is committed to exhibiting best practice in all aspects of corporate governance. On 1st 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 2019. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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.

The Blackpool Sixth Form College

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 2018/19	Corporation meeting attendance
Ms W Middlemas (Chair)	08.04.14 07.04.18 24.09.18	4 years		Member	Remuneration; Search and Governance; Self-Assessment	3 of 3
Mr J Boyle	09.07.13 07.04.14 31.03.18 24.09.18	4 years	25.03.19	Member	Administration & Finance; Search & Governance; Remuneration; Self-Assessment	2 of 2
Cllr D Clapham	27.03.12 31.07.17 31.07.18	4 years		Member	Audit; Search & Governance; Self Assessment	3 of 3
Ms J Gray	01.01.15	Ex officio		Principal	All except Remuneration and Audit	3 of 3
Mr N Webster	26.03.13 26.03.17	4 years		Staff		3 of 3
Ms D Taaffe	05.02.16	4 years		Member	Audit; Administration and Finance; 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; Audit	2 of 3
Rev S Haskett	04.07.17	4 years		Member	Self Assessment; Audit; Search and Governance	3 of 3
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	Remuneration	3 of 3
Mr R Hill	27.11.17	2 years	02.07.19	Student	Administration and Finance	3 of 3
Mr A Burr	24.09.18	4 years		Staff	Administration and Finance	3 of 3
Mr M Hellewell	04.12.18	2 years		Student		2 of 3
Mr S Rimmel	11.03.19	4 years		Member	Administration and Finance	2 of 2
Mr N Oldham	02.02.19	4 years		Member		1 of 2
Cllr C Baxter	10.06.19	4 years		Member	Audit	0 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

The Blackpool Sixth Form College

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 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), or from the clerking service at:

Fylde Coast Academy Trust
c/o Armfield Academy
Lytham Road
Blackpool
Lancashire FY4 1TL

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

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

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

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' 2018/19 Self-Assessment Report graded college governance as 'Outstanding'. Key strengths included:

- strong and ambitious vision for the college
- robust focus on raising educational standards and outcomes
- strong commitment to self-assessment
- strong focus on the curriculum to ensure appropriateness for students, employers and the local community
- highly effective involvement in steering the college's learning programmes and progression
- very good focus on equality and diversity
- comprehensive, diverse and effective governing board

Remuneration Committee

Throughout the year ending 31 July 2019 the college's Remuneration Committee comprised the Chair of the Corporation and two other members from a Committee not represented by the Chair. The Committee's responsibilities are to review the performance of, and to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and the other senior post holder. In May 2014 a clerking service provided by Fylde Coast Academy Trust was appointed and it is the Committee's responsibility to consider the Service Level Agreement and fee for this clerking service.

Details of remuneration for the year ended 31 July 2019 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 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 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the college is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the college's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The Blackpool Sixth Form College

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

Review of effectiveness

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

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

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

The Accounting Officer and senior leadership team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments 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 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior leadership team and internal audit and specialist advisors, and taking account of events since 31 July 2019.

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*".

The Blackpool Sixth Form College

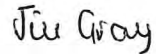
Going Concern

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 5 December 2019 and signed on its behalf by:



Ms W Middlemas, Chair



Ms J Gray, Accounting Officer

The Blackpool Sixth Form College

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.

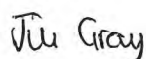
We confirm, on behalf of the Corporation, that after due enquiry, and ***to the best of our knowledge***, the Corporation is able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant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

5th Dec 2019



Ms J Gray, Accounting Officer

5th Dec 2019

The Blackpool Sixth Form College

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 2018 to 2019 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.

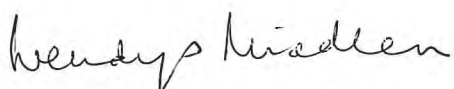
The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and 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

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 5 December 2019 and signed on its behalf by:



Ms W Middlemas, Chair

The Blackpool Sixth Form College

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

We have audited the financial statements of The Blackpool Sixth Form College ("the College") for the year ended 31 July 2019 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 2019 and of the College's deficit of income over expenditure 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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- 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 21 and 22, 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.

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. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the College Governing Body 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 College Governing Body 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 Governing Body as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP (Chartered Accountants and Statutory Auditor)

One St Peter's Square
Manchester
M2 3DE

Date: 9 December 2019

The Blackpool Sixth Form College

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 31 October 2019 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 period 1 August 2018 to 31 July 2019 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 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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.

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 grant 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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed: Mazars LLP

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Date: 9 December 2019

The Blackpool Sixth Form College
Statement of Comprehensive Income
31 July 2019

	Notes	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Income			
Funding body grants	2	9,527	9,677
Tuition fees and education contracts	3	76	73
Research grants and contracts	4	11	15
Other income	5	297	244
Investment income	6	22	11
Total Income		9,933	10,020
Expenditure			
Staff costs	7	7,447	6,927
Other operating expenses	8	1,871	2,054
Depreciation	11	770	790
Interest and other finance costs	9	233	249
Total Expenditure		10,321	10,020
(Deficit)/surplus before tax		(388)	-
Taxation	10	-	-
(Deficit)/surplus for the year		(388)	-
Actuarial (loss)/gain in respect of pension schemes	17	(964)	741
Total comprehensive income for the year		(1,352)	741
Represented by:			
Unrestricted comprehensive income for the year		(1,352)	741
		(1,352)	741

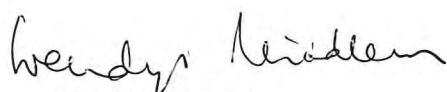
The Blackpool Sixth Form College
Statement of Changes in Reserves
31 July 2019

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2017	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)	-
	499	(45)	454
Balance at 31st July 2018	10,308	1,608	11,916
(Deficit) from the income and expenditure account	(388)		(388)
Other comprehensive income	(964)		(964)
Transfers between revaluation and income and expenditure reserves	45	(45)	-
Total comprehensive income for the year	(1,307)	(45)	(1,352)
Balance at 31 July 2019	9,001	1,563	10,564

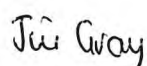
The Blackpool Sixth Form College
Balance Sheet
As at 31 July 2019

	Notes	Year ended 31 July 2019	Year ended 31 July 2018
		£'000	£'000
Non current assets			
Tangible Fixed assets	11	22,770	23,365
		22,770	23,365
Current assets			
Stocks		14	13
Trade and other receivables	12	235	201
Cash and cash equivalents	16	4,860	5,025
		5,109	5,239
Less: Creditors – amounts falling due within one year	13	(1,591)	(1,779)
Net current assets		3,518	3,460
Total assets less current liabilities		26,288	26,825
Creditors – amounts falling due after more than one year	13	(12,863)	(13,440)
Provisions			
Defined benefit obligations	15	(2,861)	(1,469)
		10,564	11,916
Total net assets including pension liability			
Unrestricted Reserves			
Income and expenditure account		9,001	10,308
Revaluation reserve		1,563	1,608
Total unrestricted reserves		10,564	11,916

The financial statements on pages 29 to 56 were approved and authorised for issue by the Corporation on 5th December 2019 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 2019

	Notes	2019 £'000	2018 £'000
Cash flow from operating activities			
Surplus for the year		(388)	-
Adjustment for non-cash items			
Depreciation	11	770	790
Increase in stock		(1)	(6)
Decrease in trade and other receivables	12	(34)	(51)
Decrease in creditors due within one year	13	(197)	104
Decrease in creditors due after one year	13	-	(32)
Capital grant movement	13	(301)	(298)
Pensions costs less contributions payable	18	428	360
Adjustment for investing or financing			
Investment income	6	(22)	(11)
Interest payable	9	192	203
Loss on sale of fixed assets	11	2	1
Net cash flow from operating activities		<u>449</u>	<u>1,060</u>
Cash flows from investing activities			
Proceeds from sale of assets		3	10
Investment income	6	22	11
Payments made to acquire fixed assets	11	<u>(180)</u>	<u>(373)</u>
		(155)	(352)
Cash flows from financing activities			
Interest paid	9	(192)	(203)
Repayments of amounts borrowed	14	<u>(267)</u>	<u>(255)</u>
		(459)	(458)
(Decrease)/increase in cash and cash equivalents in the year		<u>(165)</u>	<u>250</u>
 Cash and cash equivalents at beginning of the year	 16	 5,025	 4,775
 Cash and cash equivalents at end of the year	 16	 4,860	 5,025

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 2018 to 2019 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 £2.44m of loans outstanding with bankers on terms negotiated in 2007 and £1.36m 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 the Statement of Comprehensive Income are the current and past service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income in the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

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

Short term employment benefits

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

Non-current assets - tangible fixed assets

Land and buildings

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

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

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

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

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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 1st 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 (3 months or less) held with recognised banks and building societies.

Financial liabilities and equity

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

All loans, investments and short term deposits held are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the college has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

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)

Restatement of Statement of Cash Flows

The analysis within the Statement of Cash Flows has been restated for the prior year, with the amendment made to ensure that the items relating to investment interest paid have been cast correctly as a cash outflow or inflow to reflect the purpose of the relevant sub-section of the Statement. The current year has been corrected as part of the audit process. This restatement has had a net £0 impact on the reported cash and cash equivalents position of the college in both years.

Judgements in applying accounting policies and key sources of estimation uncertainty

Key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- *Bursary income and expenditure*

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

The Blackpool Sixth Form College

2 Funding Body Grants

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Recurrent grants		
Education and Skills Funding Agency -16-19	8,593	8,945
Specific grants		
Education and Skills Funding Agency	553	407
Other non-recurrent grants	80	27
Release of government capital grants	301	298
Total	9,527	9,677

3 Tuition Fees and Education Contracts

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
International student fees	-	5
Apprenticeship fees and contracts	76	68
Total	76	73

The Blackpool Sixth Form College

4 Other Grants and Contracts

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Other grants and contracts	11	15
	<u>11</u>	<u>15</u>

5 Other Income

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Other income generating activities	297	244
	<u>297</u>	<u>244</u>

6 Investment Income

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Other interest receivable	22	11
	<u>22</u>	<u>11</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 2019 Number	Year ended 31 July 2018 Number
Teaching staff	92	88
Non teaching staff	91	89
	183	177

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Staff costs for the above persons:		
Wages and salaries	5,741	5,351
Social security costs	525	506
Other pension costs (including FRS102(28) adjustments of £387k in 2019 and £314k in 2018)	1,181	1,070
Total staff costs	7,447	6,927

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

	2019 Number	2018 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 2019		Year ended 31 July 2018	
	Number senior post- holders	Number Other Staff	Number senior post- holders	Number Other Staff
£60,001 to £65,000	-	-	-	1
£65,001 to £70,000	-	1	-	-
£75,001 to £80,000	1	-	1	-
£110,001 to £115,000	1	-	1	-
	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>

In 2018/19 there was a pay award of between 3% and 1% for teaching staff, and between 5.79% and 1% for support staff in line with NJC pay agreements.

Key management personnel salaries were subject to separate review. No severance payments were made in 2018/19 (2017/18 Nil).

Key management personnel emoluments are made up as follows:

	2019 £000	2018 £000
Salaries	192	190
Employers National Insurance	24	24
	<u>216</u>	<u>214</u>
Pension contributions	32	31
Total key management personnel emoluments	<u><u>248</u></u>	<u><u>245</u></u>

The Blackpool Sixth Form College

7 Staff costs (continued)

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

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

	Year Ended 31 July 2019 £000	Year Ended 31 July 2018 £000
Salary	<u>114</u>	<u>113</u>
Pension contributions	<u>19</u>	<u>19</u>

The remuneration package of the Principal is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The Principal reports to the Chair of the Governing Body, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal pay and remuneration expressed as a multiple:

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

Principal's total remuneration as a multiple of the median of all staff: 3.76

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 2019 £000	Year ended 31 July 2018 £000
Teaching costs	372	528
Non teaching costs	1,045	1,027
Premises costs	454	499
Total	1,871	2,054
Other operating expenses include:	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Auditors' remuneration:		
External auditors - financial statements audit	12	12
Internal audit	2	12
Other services	6	-
Hire of plant and machinery - operating leases	7	10

The Blackpool Sixth Form College

9 Interest and other finance costs

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
On bank loans, overdrafts and other loans:	192	203
	192	203
Net interest on defined pension liability (see note 17)	41	46
	233	249

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
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000
At 1 August 2018	26,540	159	2,213	2,323	1,419	10	32,664
Additions	11	103	21	37	8	-	180
Transfers	238	(262)	24	-	-	-	-
Disposals	-	-	-	(44)	(47)	-	(91)
At 31 July 2019	26,789	-	2,258	2,316	1,380	10	32,753
Depreciation							
At 1 August 2018	5,137	-	902	1,916	1,334	10	9,299
Charge for year	522	-	113	88	47	-	770
Eliminated in respect of disposals	-	-	-	(39)	(47)	-	(86)
At 31 July 2019	5,659	-	1,015	1,965	1,334	10	9,983
Net book value At 31 July 2019	21,130	-	1,243	351	46	-	22,770
Net book value At 31 July 2018	21,403	159	1,311	407	85	-	23,365
Inherited	1,563	-	-	-	-	-	1,563
Financed by capital grant	8,964	-	622	41	-	-	9,627
Other	10,603	-	621	310	46	-	11,580
Net book value At 31 July 2019	21,130	-	1,243	351	46	-	22,770

The Blackpool Sixth Form College

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 £1,563,000 (2018: £1,608,000) 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 2019 is £592,000 (2018: £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	-
Net book value based on cost	<u><u>-</u></u>

The Blackpool Sixth Form College

12 Trade and other receivables

	31 July 2019 £000	31 July 2018 £000
Amounts falling due within one year		
Trade receivables	98	84
Prepayments and accrued income	113	89
Other receivables	24	28
Total	235	201

13 Creditors

	31 July 2019 £000	31 July 2018 £000
Amounts falling due within one year		
Bank loans and overdrafts	277	267
Trade payables	67	199
Other taxation and social security	133	124
Accruals and deferred income	335	469
Amount owing to the ESFA	29	20
Other creditors	113	101
Deferred income – government capital grants	293	294
Deferred income – government revenue grants	112	54
Holiday pay accrual	232	251
Total	1,591	1,779

	31 July 2019 £000	31 July 2018 £000
Amounts falling due after more than one year		
Bank loans and overdrafts	3,529	3,806
Deferred income – government capital grants	9,334	9,634
Total	12,863	13,440

The Blackpool Sixth Form College

14 Bank loans and overdrafts

	31 July 2019 £000	31 July 2018 £000
Bank loans and overdrafts are repayable as follows:		
In one year or less	277	267
Between one and two years	289	277
Between two and five years	938	902
In five years or more	2,302	2,627
Total	<u>3,806</u>	<u>4,073</u>

Bank loans are secured by a negative pledge. £480,000 is repayable in monthly installments at a rate linked to base rate. £2,206,000 is repayable in monthly installments at a fixed rate of 5.31% plus 0.85% margin and £1,120,000 is repayable in monthly installments at a fixed rate of 2.875% plus 1% margin.

15 Provisions

	At 1 August 2018 £000	Increase in the period £000	At 31 July 2019 £000
Defined benefit obligations	1,469	1,392	2,861
Total	<u>1,469</u>	<u>1,392</u>	<u>2,861</u>

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 2018 £000	Cashflows £000	Other changes £000	At 31 July 2019 £000
Cash and cash equivalents	5,025	(165)	-	4,860
Total	<u>5,025</u>	<u>(165)</u>	<u>-</u>	<u>4,860</u>

The Blackpool Sixth Form College

17 Defined benefit obligations

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

Total pension cost for the year	31 July 2019 £000	31 July 2018 £000
Teachers Pension Scheme: contributions paid	577	553
Local Government Pension Scheme		
Contributions paid	217	203
FRS 102 (28) charge	387	314
Charge to the Statement of Comprehensive Income (staff costs)	604	517
Total Pension Cost for Year	<u>1,181</u>	<u>1,070</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was 31 March 2016 and the LGPS 31 March 2016. Contributions amounting to £26,152 (2018: £24,825) were payable to the LGPS and £76,521 (2018: £74,169) were payable to the TPS at 31st July and are included within creditors.

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the college has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

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

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

17 Defined benefit obligations (continued)

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

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

The pension costs paid to TPS in the year amounted to £916,169 (2018: £877,580)

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 2019 were £314,127 (2018: £299,676), of which employer's contributions totalled £209,138 (2018: £197,999) and employees' contributions totalled £104,989 (2018: £101,677). The agreed contribution rate to April 2020 is 11.8% and a rate between 5.5% and 12.5% for employees depending on their salary level.

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

These accounts show a past service cost of £104,000 in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is approximately 1.06% of the total scheme liability as at 31 March 2016. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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

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

The Blackpool Sixth Form College

17 Defined benefit obligations (continued)

Principal Actuarial Assumptions

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

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.7%	3.6%
Rate of increase for pensions in payment / inflation	2.3%	2.2%
Discount rate for scheme liabilities	2.2%	2.9%
Inflation assumption (CPI)	2.2%	2.1%

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

	At 31 July 2019	At 31 July 2018
Retiring today:		
Males	22.8	22.7
Females	25.5	25.4
Retiring in twenty years:		
Males	25.1	25
Females	28.2	28

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 2019 £'000	Value at 31 July 2018 £'000
Equities	3,381	2,627
Government Bonds	-	203
Bonds	113	36
Property	623	551
Cash	127	54
Other	2,830	2,513
Total fair value of plan assets	7,074	5,984
Actual return on plan assets	902	445

The Blackpool Sixth Form College

17 Defined benefit obligations (continued)

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

	2019 £'000	2018 £'000
Fair Value of plan assets	(7,074)	(5,984)
Present value of plan liabilities	9,935	7,453
Net pensions liability (Note 15)	2,861	1,469

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

	2019 £'000	2018 £'000
Amounts included in staff costs:		
Employer service cost (net of employer contributions)	(274)	(306)
Administration expenses	(9)	(8)
Net interest cost	(41)	(46)
Past service cost	(104)	-
Total	(428)	(360)

	At 31 July 2019 £'000	At 31 July 2018 £'000
Amount recognised in other comprehensive income:		
Remeasurement of (liabilities)	(1,690)	439
Remeasurements (assets)	726	302
Total	(964)	741

The Blackpool Sixth Form College

17 Defined benefit obligations (continued)

	2019 £'000	2018 £'000
Movement in net defined liability during year		
Deficit in scheme at 1 August	(1,469)	(1,850)
Movement in year:		
Employer service cost (net of employer contributions)	(483)	(441)
Employer contributions	209	167
Administration expenses	(9)	(8)
Net interest	(41)	(41)
Past service cost	(104)	-
Actuarial gain or loss	(964)	118
Net defined liability at 31 July	(2,861)	(1,469)
 Asset and liability reconciliation		
	At 31 July 2019 £'000	At 31 July 2018 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	7,453	7,257
Service cost	483	504
Interest cost	217	188
Employee contributions	105	102
Remeasurement losses/(gain)	1,690	(439)
Benefits/transfers paid	(117)	(159)
Past Service cost	104	-
Defined benefit obligations at end of period	9,935	7,453
 Changes in fair value of plan assets		
Fair value of plan assets at start of period	5,984	5,407
Interest on plan assets	176	142
Remeasurements gain	726	302
Employer contributions	209	198
Employee contributions	105	102
Benefits/transfers paid	(117)	(159)
Administration expenses	(9)	(8)
Fair value of plan assets at end of period	7,074	5,984

The Blackpool Sixth Form College

18 Events after the reporting period

There have been no significant events after the reporting period.

19 Capital and other commitments

	31 July 2019 £000	31 July 2018 £000
Commitments contracted for at 31 July	-	98

20 Lease Obligations

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

	31 July 2019 £000	31 July 2018 £000
Future minimum lease payments due		
Equipment		
Not later than one year	7	4
Later than one year and not later than five years	11	6
Later than five years		
	18	10

The lease expense accounted for during the year amounted to £7k (2018:£10k).

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 (2018: £Nil). No director has received any remuneration or waived payments from the college or its subsidiaries during the year (2018: None).

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

There were sales ledger transactions in the year amounting to £197,555 (2018: £146,498) 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 £3,910 (2018: £3,054), 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 £54,305 (2018: £46,390), and college owed Fylde Coast Teaching School £0 (2018: £195).

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

There were sales ledger transactions in the year amounting to £905 (2018: £2,760) primarily in relation to the provision of support services. There were purchase ledger transactions in the year amounting to £19,880 (2018: £15,000), primarily in relation to the provision of governance services. At the end of the year the Fylde Coast Academy Trust owed college £834 (2018: £48) and college owed Fylde Coast Academy Trust £280 (2018: £Nil).