THE BLACKPOOL SIXTH FORM COLLEGE

Report and Financial Statements
For the Year Ended 31 July 2023

Contents

Strategic Report

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2023.

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 16.

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 2023 to 31 July 2024. The strategic development plan addresses the college's aims and objectives for the coming year. The Corporation monitors the performance of the college against this plan. The strategic development plan is reviewed and updated each year, taking into consideration standards, curriculum, support and leadership.

The target in the 2022/23 strategic development plan which directly affected the financial status of the college was:

- to review and respond to the college accommodation requirements whilst creating a roadmap to net zero.

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

- to undertake a full review of the curriculum in conjunction with key stakeholders to inform future curriculum planning;
- to consistently embed effective preparation in the curriculum for sustained next steps;
- to improve student attendance cross-college to enhance students' chances of success in their studies and beyond;
- to improve understanding of the local safeguarding risks;
- to enhance the involvement of students and parents/carers to ensure their experiences inform future developments;
- to develop a digital strategy to prepare for the future and maintain a culture of innovation.

Of the strategic development plan objectives for 2022/23, 75% were fully achieved, 17% were partially achieved, and 8% were not achieved.

The targets included in the strategic development plan for 2023/24 which directly affect the financial status of the college are:

- to navigate the college through the academisation process
- to ensure high levels of in-year retention and internal progression
- to review and enhance the college campus to meet current and future demand

In 2023/24 some specific targets which either directly or indirectly demonstrate the public benefit of the college include:

- to establish our new curriculum offer (at level 2 & 3) in response to the changing educational landscape;
- to respond to the national skills priorities and the local skills improvement plan;
- to further develop students' learning and employability skills to support successful next steps;
- to strengthen our culture of respect and personal responsibility;
- to further implement our digital strategy;
- to further develop health and wellbeing strategies and support for staff and students.

Financial Objectives

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

- set realistic budgets which are closely monitored and reviewed regularly;
- produce timely and accurate financial reports for the senior leadership team (SLT) and the Corporation;
- work closely with the Education and Skills Funding Agency (ESFA) and keep abreast of funding developments;
- ensure that expenditure is approved and represents value for money;
- have in place effective financial regulations and procedures that are shared and understood;
- monitor cash flows;
- seek to balance income and expenditure in any financial year and work to avoid any deficits and to effect surpluses;
- include financial analysis and risk management as an integral part of the college's decision making processes, including in relation to capital projects;
- seek alternative sources of income without prejudicing the college's primary mission;
- ensure any borrowings to finance capital projects are affordable and within ESFA guidelines;
- closely monitor capital projects and their effect on college finances;
- closely monitor business planning processes, applications and curriculum development to ensure efficient staffing levels;
- seek revenue savings through energy efficiencies, the reduction in reactive maintenance expenditure, effective procurement and the use of consortia and networks.

Performance Indicators

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

The college is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"), which is used to produce the college Financial Health grading. This was measured as "Outstanding" at 31 July 2022. The college also has an Ofsted "Outstanding" grade for inspection (December 2021).

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

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

ALPS (A-Level Performance System) continues to be used as a measure of value added alongside Level 3 value added (L3VA) - L3VA was paused nationally during the pandemic but recommences in 2024.

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

In 2022/23 the college achieved the following key performance indicator scores:

- a 2-year pass rate of 99.4% at vocational (2021/22 99.3%)
- an ALPs score for value added of 1.02, band 3 for vocational RQF (majority of courses in 2022/23) compared with 1.04, band 3 in 2021/22 (majority RQF). This year's data was using the client benchmark.

  There is insufficient data available for ALPS scores and grades to be produced for 2010 QCF qualifications (minority of courses).

- an ALPS score for value added of 0.94, band 5 for A level (2018/19 0.95 – band 5). This was using the client benchmark.

Additionally:

- in Year 2 vocational, 81.6% of students in 2022/23 who completed RQF qualifications achieved or exceeded their minimum expected grade compared with 80.1% in 2021/22.
- in Year 2 A level, 52.8% of students achieved or exceeded their minimum expected grade (2018/19 66.7%)

Current year data is taken from raw results published on results day and may be subject to change once reviews of marking, etc. have taken place. Please note, the academic year 2018/19 is used for comparison purposes as different assessment frameworks were employed nationally during the pandemic. 2018/19 is the academic year recommended as a comparison point nationally. This is relevant for A Level but less so for vocational qualifications which in 2018/19 were, on the whole, on the QCF specifications which did not include external assessments, compared with the RQF specifications which, for the majority of courses, includes external assessment in 2021/22 and 2022/23, hence comparisons being made to 2021/22.

L3 value added data for 2022/23 will not be published, indeed this measure will only resume in summer 2024 (this is due to the prior attainment being affected by the pandemic). However, in 2018/19 L3 value added was 0.02 for A level (2017/18 +0.09) and 0.18 for BTEC (2017/18 +0.41). In 2018/19 however, very few applied general qualifications were included in the performance tables (only one, BTEC Film and TV) and therefore this is not a true reflection of value added for the vocational programme.

As at the end of September 2023, the 2022/23 data is showing that 56.8% of upper sixth completers have gone on to higher education, compared to 61.7% last year. Of the remainder, 10.7% (2021/22: 8.8%) are taking a gap year and 23.2% (2021/22: 20.6%) have gone on to further education, an apprenticeship, the armed forces or employment. There are 0.4% (2021/22: 0.2%) of students currently seeking employment. Currently we have been unable to confirm the destination of 8.9% of upper sixth completers compared to 3.3% last year.

Inspection

In December 2021 the college was inspected by Ofsted and was awarded an overall “Outstanding” grade, with “Outstanding” achieved in all areas of inspection. Inspectors praised the high-quality, comprehensive and ambitious curriculum, and the calm, professional and inclusive learning environment where students feel safe and can flourish. Currently, the Principal and Deputy Principal are Ofsted Inspectors.

Financial Position

Financial Results

The college generated an operating surplus in the year of £337,000 compared to an operating deficit of £384,000 in 2021/22.

The college has accumulated reserves and net assets of £15.2m, cash balances of £7.9m, and long term loans of £2.6m.

The college has significant reliance on the ESFA as its principal funding source, largely from recurrent grants. In 2022/23 the ESFA provided 92% (2021/22 95%) 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.

Any further borrowing arrangements would require the authorisation of the Corporation, and would be undertaken in accordance with the requirements of the Financial Memorandum, Funding Agreement, Managing Public Money and the 'Dear Accounting Officer' (DAO) letter of 29 November 2022, seeking DfE consent in line with these documents.

Cash flows and liquidity

At £1.58m (2021/22 £1.45m) the operating cash inflow remains positive. There has been capital expenditure of £172k, and cashflows from financing activities total £387k. The cash balance of £7.9m will be utilised to support the college through a period of austerity following increased costs. It may also be used to support the college to undertake the final stages of the campus redevelopment programme in the future.

Reserves policy

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

The college is committed to retaining the balance on the income and expenditure reserve at a minimum of 25% of income. The current level of unrestricted reserves is £13.6m, which is 98.4% of income.

Current and Future Development and Performance

Student numbers

In 2022/23 the college has generated funding of £10.6m (2021/22 £11.1m) which is below the main ESFA allocation of £11.1m (2021/22 £10.4m). The college had 2,252 (2021/22 2,232) funded students but had 2,077 on roll at the accounting date. This decrease in student numbers has been reflected in the ESFA funding allocation for 2023/24.

Student achievements

Students continue to succeed at the college. Pass rates for A level remain high at 97.2% and for vocational courses are at 99.4%.

In terms of value added the college has achieved an ALPS 3 in BTEC RQF. A level has achieved ALPS 5.

There has been a decrease this year in the proportion of students achieving or exceeding their minimum expected grade (MEG) in A level, however, this should be contextualised within the changing landscape of qualification assessments due to the pandemic.

MEGs are calculated using prior attainment data in ALPS and in a normal year this is an early indicator of performance against the national Level 3 value added measure which is published in February, however, as mentioned earlier, due to the pandemic value added in the performance tables will not be published in February 2024.

Curriculum developments

In 2022/23, the college continued to offer A levels (or equivalent). All A level subjects are linear and assessment normally takes place during the summer term of the second year of study. GCSE provision in maths and English includes an opportunity for eligible students to take a November resit wherever appropriate. The Route3 programme offers the opportunity for students to complete further studies at level 2 before embarking on a level 3 study programme. The majority of Level 3 vocational courses certificated the 2016 RQF specification in 2022/23, with only one course certificating the 2010 QCF specification; this course (BTEC Music) has moved to RQF in 2023/24 meaning all vocational courses are now on RQF specifications. The college planned to introduce its first T Level course in Digital in September 2023 but unfortunately insufficient numbers were recruited to enable this to be launched. All four students who enrolled onto the course were retained in college, transferring to appropriate alternative courses. T Levels in Digital and Health will be promoted for a September 2024 launch.

The college continues to develop the curriculum to ensure that it meets the needs of students and the skills needs in the local, regional and national economy as detailed the college's accountability agreement.

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 2022 to 31 July 2023, the college paid 94.54% (2021/22 94.33%) 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.

Future prospects

The college's learner responsive funding for 2023/24 has been confirmed as £10.6m for 2,077 students compared to £11.1m for 2,252 students; a decrease of 175 funded students.

The college received £332k in 2022/23 from the ESFA to support student bursaries and free meals. In 2023/24 the college has received £348k which it uses to support students, based on household income, through support for transport, external visits, and learning materials along with an access fund. Through this financial support students from low income backgrounds are supported to enable them to access education to increase their life chances.

Additionally, in 2023/24 the college will receive funding from the ESFA for the Post-16 Tuition Fund, and Level 3 maths and English funding.

Resources

Tangible Assets

The college has £20.3m in fixed assets. In summer 2023 a project commenced to make changes to the library to create new office areas and redesign a small number of classrooms. The carpark was also upgraded to create a new drop off area for students. These projects were both completed and brought into use in time for the start of the 2023/24 academic year.

Financial

The college has £15.3m of net assets. As at the 31st July 2023 the college has a long term loan repayable by 2032 of which £1.86m is outstanding and a further long term loan repayable by 2027 of which £0.76m is outstanding.

People

In 2022/23 the college employed an average of 240 people (2021/22: 239), of whom 104 (2021/22: 110) are teaching staff.

Reputation

The college enjoys a strong reputation locally, regionally and nationally and it works hard to ensure that this status continues, to ensure that students are keen to study here and staff are attracted to work here. The college has seen a significant increase in staff satisfaction over the last few years and the most recent survey reported staff satisfaction to be sustained at 95% (an increase of 13 percentage points since 2015). In June 2020 the college was delighted to be awarded Pearson's 'BTEC College of the Year', recognising the commitment and passion of staff and students. This reputation is further enhanced by the "Outstanding" Ofsted inspection grade in December 2021, and by the provision of the college's modern facilities. The college works closely with all the local partner high schools, a range of other stakeholders and external groups and has an excellent reputation in the local community. The college has also achieved a variety of external accreditations including Dyslexia Friendly, Quality in Careers, Mindful Employer status and the Lancashire LGBT Quality Mark.

Principal Risks and Uncertainties

The college's Risk Management Policy was reviewed in September 2021 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 the 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 maintains a risk register which is reviewed at least twice a year by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks. Risks are graded using a RAG rating system. The highest-ranking risks reported to the Audit Committee in June 2023 included:

- Risk of failure to recruit specialist staff

Recruitment difficulties, as experienced nationally across the sector, pose a risk to the college being able to recruit specialist staff in all areas. Dissatisfaction in national pay awards and increasing workload has led to an increase in the number of teachers leaving the profession, and therefore an increase in competition to recruit from a diminishing pool.

- Reduction in Financial Health

Salary costs continue to increase through annual pay and incremental rises and pension cost increases. However, funding rate increases are not keeping pace with external cost rises. 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. External inflationary increases also put additional pressure on college finances. The college mitigates this risk through early business planning, continued review of recruitment, monthly KPI reviews, and a rolling financial plan.

Not all factors are within the college's control, and other factors besides those listed above may also adversely affect the college.

Prevent duty

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

Stakeholder Relationships

The college has many stakeholders, including:

- students and their parents and carers
- employees
- directors
- Education and Skills Funding Agency (ESFA)
- Sixth Form Colleges Association (SFCA)
- Blackpool Education Improvement Board (BEIB)
- Priority Education Improvement Board (PEIA)
- Responsible Business Network (RBN)

- The Lancashire Colleges (TLC) group
- local authorities including Blackpool Council, Lancashire County Council, Wyre Borough Council and Fylde Council
- local transport providers
- awarding organisations
- members of the North West Coast SCITT (formerly Fylde Coast SCITT)
- members of the Fylde Coast Education Partnership
- participants in the Fylde Coast Academy Trust
- local community
- community groups who use the college facilities
- partner high schools
- other sixth form and further education colleges
- universities and other training providers
- employers and work experience providers

The college recognises the importance of these relationships and engages in regular contact and communication with them in many ways. Communication methods include such things as the website, social media channels and newsletters. The college also engages with stakeholders through events such as the employability networking event, awards evenings and performances 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. These commitments are reinforced through the college's core values which underlie everything the college does; respect, inclusion, global citizenship, support, integrity, excellence and high aspirations, and enthusiasm.

Disability Statement

The Blackpool Sixth Form College adheres to the Special Educational Needs and Disability Code of Practice and in particular the responsibilities required of colleges as detailed in chapter 7 of the Code of Practice. The Code of Practice provides statutory guidance on duties relating to Part 3 of the Children and Families Act 2014.

The Equality Act sets out the legal obligations post-16 institutions have towards disabled young people. The college will not directly or indirectly discriminate against, harass or victimise disabled young people and will make reasonable adjustments, including the provision of auxiliary aids and services, to ensure that disabled young people are not at a substantial disadvantage compared with their peers.

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

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college for the relevant period (1 April 2022 to 31 March 2023).

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

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

Total cost of facility time	£9,188
Total pay bill	£9,130,146
Percentage of total bill spent on facility time	0.10%

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

Going Concern

It is explained in note 18 that the college has been granted an academy order which gives the opportunity to convert to an academy in the future, should the Corporation choose to do so. If this happened, the assets and liabilities of the Corporation would transfer into a new Academy Trust, at which point the Corporation would cease to be active. At this time, there has been no agreed date on the future conversion to academy status.

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

Disclosure of information to auditors

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

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

Callum Baxter (Dec 19, 2023 13:21 GMT)

Mr C Baxter, Chair of Directors

Professional Advisers

Financial statements auditors and reporting accountants:

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

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 2022/23:

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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

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

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

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

The governing body is known as the Corporation and its members are referred to as Directors. In the opinion of the Directors, the college complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2023. 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 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 2022/23	Corporation meeting attendance	Audit meeting attendance
Cllr C Baxter (Chair) (effective 10.03.22)	10.06.19	4 years		Member	Administration and Finance; Search and Governance, Remuneration, Audit (observer|)	3 of 3	1 of 3
Cllr D Clapham	27.03.12 31.07.17 31.07.18	4 years		Member	Audit; Search & Governance;	3 of 3	3 of 3
Ms J Gray	01.01.15	Ex officio		Principal	All except Remuneration and Audit	3 of 3	3 of 3
Ms D Taaffe	05.02.16 28.01.20	4 years		Member	Audit; Remuneration	3 of 3	3 of 3
Ms C Coyne	16.02.17 11.06.21	4 years		Member	Audit	0 of 3	3 of 3
Mr A Burr	24.09.18 23.09.22	4 years		Staff	Administration and Finance, Search and Governance	2 of 3	
Mr J Mannino	28.01.20	4 years		Member	Safeguarding	1 of 3	
Mr D Gascoigne	27.1.21	4 years	05.07.23	Member	Admin and Finance, Search and Governance	3 of 3	1 of 1
Mr R Baker	27.1.21	4 years	21.03.23	Member	Administration and Finance	0 of 1	
Ms S Woodhouse	19.4.21	4 years		Parent	Remuneration, Audit	3 of 3	3 of 3
Ms H Critchley	23.4.21	4 years	20.09.22	Staff	Search and Governance	0 of 0	
Ms T Davey	09.11.21	2 years	05.07.23	Student	Admin & Finance	2 of 3	
Mr K Collumbine	05.12.22	2 years		Student		2 of 3	
Ms K Burnett	23.02.23	4 years			Admin & Finance	2 0f 2	
Mr N Andrews	05.12.22	4 years		Staff		3 of 3	
Ms N Karunasekara	13.12.22	4 years			Audit	2 of 3	1 of 2
Mr S Cooke	09.05.23	4 years				1 of 1	

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

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

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

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 DSL Network 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 Mereside Primary Academy
Langdale Road
Blackpool
FY4 4RR

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. Meetings have been held either in person or virtually, and continue to be minuted.

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

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

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

- The governing board is a committed team that works well with senior leaders and the governance professional (clerk to the board).
- The chair is elected every two years, leads with integrity, is supported by a vice chair and ensures the board stays strategic and does not shy away from making the right decisions for the college.
- The college employs a dedicated governance professional with an up-to-date job description who supports the board with independent advice and guidance.
- Succession is planned, the recruitment process is designed to ensure new board members are recruited to fill skills gaps and ensure diversity of knowledge, experience, perspectives and approaches.
- The governing board and principal have established a clear and ambitious vision which describes what the college should look like in three to five years and what students will achieve.
- Those governing have agreed with the principal a limited number of measurable strategic aims which need to be met in order for the college to achieve its vision; these aims drive the board's business.
- Those governing hold the principal to account for the quality of education, ensuring college leaders develop, implement and deliver a broad and balanced curriculum which is taught effectively.
- Those governing have sufficient understanding of how the colleges' funds are managed to hold the principal to account for the efficiency, sustainability and impact of the colleges' financial planning and management.
- Those governing know their college, engage with its stakeholders and take into account their views when making key decisions and report on their work each year.
- Those governing are involved in the identification and assessment of key strategic risks.
- Those governing are confident that the decisions the governing board makes have led to both improved outcomes for students and ongoing financial stability for the college.

The governance self-assessment of their performance and effectiveness was validated by Ofsted in December 2021 when the college was rated as Outstanding. The inspection report stated:

"The work of governors is highly effective. Governors have a thorough strategic understanding of the strengths and areas for improvement across all college activities. Records of their meetings are clear and detailed. These demonstrate how

governors use their skills and experience to fully support senior leaders and challenge the information they receive appropriately and rigorously. This ensures that quality improvement actions are very effective and implemented swiftly. Governors are ambitious for their students. They have an excellent understanding of the curriculum rationale and the impact that it has on ensuring high levels of social justice and student achievement. Governors have a high level of trust and confidence in the senior leadership team"

All directors have access to a wide range of training and development to complement their individual roles. The Chair of the Board meets annually with each board member to discuss their personal development needs and the relevant training is then provided either by the college directly or by an external source, e.g. Sixth Form Colleges Association (SFCA). All directors have access to the SFCA governance webinars either via the live webinars or the recordings from each session. The Clerk of the Corporation holds the Level 3 Certificate in Clerking of School and Academy Governing Boards.

An independent external review of governance has not taken place during 2022/23.

Remuneration Committee

Throughout the year ending 31 July 2023 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 2023 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 response to requests from management and the committee and report their findings to management and the Audit Committee.

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

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

Internal Control

Scope of responsibility

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

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of their assets. This is done in accordance with the responsibilities assigned to her as required by Section 5(3)(c) of Part 2 of Schedule 4 of the Further and Higher Education Act 1992, and 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 2023 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 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

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

Responsibilities under funding agreements

The college receives grant funding via a funding agreement, referred to as the Accountability Agreement, between the Secretary of State for Education and the college, which sets out the terms and conditions on which any grant is made. The Governing Body is responsible for ensuring that the conditions of the grant are met. As part of this agreement, the college must adhere to the Post-16 Audit Code of Practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the college form part of this overall system of accountability.

On 29th November 2022, the Department for Education (DfE) and Education and Skills Funding Agency (ESFA) introduced new controls for the college on the day that the Office for National Statistics (ONS) reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the audit committee

The Audit Committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The Audit Committee believes that the corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements included:

- receiving and recommending audit reports from external auditors
- reviewing cyber security and risk management reports and taking part in discussions regarding work in these areas
- receiving updates and taking part in discussions regarding internal procedures and processes of control and assurance
- receiving updates and taking part in discussions regarding progress on audit recommendations
- reviewing and taking part in discussions regarding key performance indicators and terms of reference
- receiving information and taking part in discussions regarding the FE reclassification and the impact upon the college

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 any 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 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Leadership Team and internal audit and specialist advisors, and taking account of events since 31 July 2023.

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

Approved by order of the members of the Corporation on 18.12.23 **and signed on its behalf by:**

Callum Baxter (Dec 19, 2023 13:21 GMT)
Mr C Baxter, Chair of Directors

Jill Gray
Jill Gray (Dec 19, 2023 13:13 GMT)
Ms J Gray, Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the 'Dear accounting officer' letter of 29 November 2022 and ESFA's bite sized guides.

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

Jill Gray
Jill Gray (Dec 19, 2023 13:13 GMT)

Ms J Gray, Accounting Officer Date: 19.12.23

On behalf of the corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

Callum Baxter (Dec 19, 2023 13:21 GMT)

Mr C Baxter, Chair of Directors Date:

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 Corporation's grant funding agreements and contracts with ESFA and any other relevant funding bodies, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the College Accounts Direction 2022 to 2023 issued by the ESFA, and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the college will continue in operation.

The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP which describes what it is trying to do and how it is going about it, including the legal and administrative status of the Corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the 'Dear accounting officer' letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

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

Callum Baxter (Dec 19, 2023 13:21 GMT)

Mr C Baxter, Chair of Directors

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

Opinion

We have audited the financial statements of The Blackpool Sixth Form College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of its surplus 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.

Emphasis of matter

We draw attention to Note 18 to the financial statements which explains that the Corporation voluntarily applied to become an academy and on 28th November 2023 was awarded an academy order by the Department for Education. This gives the opportunity to convert to an academy in the future, should the Corporation choose to do so. If this happened, the assets and liabilities of the Corporation would transfer into a new Academy Trust, at which point the Corporation would cease to be active. At this time, there has been no agreed date on the future conversion to academy status. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the College and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, HM Treasury's "Managing public money".

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP (Dec 19, 2023 15:13 GMT)

Mazars LLP

Chartered Accountants and Statutory Auditor

Address 90 Victoria Street, Bristol, BS1 6DP

Date 19 December 2023

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

In accordance with the terms of our engagement letter dated 10 October 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by The Blackpool Sixth Form College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes intended 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 ESFA and in any relevant conditions of funding, concerning adult education notified by a relevant funder.

This report is made solely to the corporation of The Blackpool Sixth Form College and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of The Blackpool Sixth Form College and ESFA 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by the Code 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 2022 to 31 July 2023 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 ESFA. 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 and propriety.

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 and propriety of the corporation's income and expenditure.
The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- 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.
- Reviewed the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Signed: Mazars LLP
Mazars LLP (Dec 19, 2023 15:13 GMT)

Mazars LLP

Date: 19 December 2023

The Blackpool Sixth Form College
Statement of Comprehensive Income
31 July 2023

	Notes	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Income			
Funding body grants	2	12,812	11,753
Tuition fees and education contracts	3	-	-
Research grants and contracts	4	36	27
Other income	5	941	604
Investment income	6	55	1
Total Income		**13,844**	**12,385**
Expenditure			
Staff costs	7	9,490	9,432
Other operating expenses	8	3,131	2,365
Depreciation	11	717	731
Interest and other finance costs	9	169	241
Total Expenditure		**13,507**	**12,769**
Surplus/(deficit) before tax		**337**	**(384)**
Taxation	10	-	-
Surplus/(deficit) for the year		**337**	**(384)**
Actuarial gain/(loss) in respect of pension schemes	17	1,019	5,583
Total comprehensive income for the year		**1,356**	**5,199**
Represented by:			
Unrestricted comprehensive income for the year		1,266	5,199
Restricted comprehensive income for the year		90	-
		1,356	**5,199**

The Blackpool Sixth Form College
Statement of Changes in Reserves
31 July 2023

	Income and expenditure account	Revaluation reserve	Restricted reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1st August 2021	7,073	1,473	175	8,721
Surplus/(deficit) from the income and expenditure account	(384)	-	-	(384)
Other comprehensive income	5,583	-	-	5,583
Transfers between revaluation and income and expenditure reserves	45	(45)	-	-
	5,244	(45)	-	5,199
Balance at 31st July 2022	12,317	1,428	175	13,920
Surplus from the income and expenditure account	247	-	90	337
Other comprehensive income	1,019	-	-	1,019
Transfers between revaluation and income and expenditure reserves	45	(45)	-	-
Total comprehensive income for the year	1,311	(45)	90	1,356
Balance at 31 July 2023	13,628	1,383	265	15,276

The Blackpool Sixth Form College
Balance Sheet
As at 31 July 2023

	Notes	Year ended 31 July 2023	Year ended 31 July 2022
		£'000	**£'000**
Non current assets			
Tangible Fixed assets	11	20,289	20,848
		20,289	**20,848**
Current assets			
Stocks		22	18
Trade and other receivables	12	329	234
Cash and cash equivalents	16	7,948	6,876
		8,299	**7,128**
Less: Creditors – amounts falling due within one year	13	(2,777)	(2,190)
Net current assets		**5,522**	**4,938**
Total assets less current liabilities		**25,811**	**25,786**
Creditors – amounts falling due after more than one year	13	(10,535)	(11,094)
Provisions			
Defined benefit obligations	15	-	(772)
Total net assets including pension liability		**15,276**	**13,920**
Unrestricted reserves			
Income and expenditure account		13,628	12,317
Revaluation reserve		1,383	1,428
		15,011	13,745
Restricted reserves			
Income and expenditure account		265	175
Total reserves		**15,276**	**13,920**

The financial statements on pages 34 to 61 were approved and authorised for issue by the Corporation on and were signed on its behalf on that date by:

Callum Baxter (Dec 19, 2023 13:21 GMT)
Mr C Baxter
Chair of Directors

Jill Gray (Dec 19, 2023 13:13 GMT)
Ms J Gray
Accounting Officer

The Blackpool Sixth Form College
Statement of Cash Flows
for the year ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		337	(384)
Adjustment for non-cash items			
Depreciation	11	717	731
Increase in stock		(4)	(2)
Increase in trade and other receivables	12	(95)	18
Increase in creditors due within one year	13	562	454
Capital grant movement	3	(297)	(291)
Pensions costs less contributions payable	17	247	760
Adjustment for investing or financing			
Investment income	6	(55)	(1)
Interest payable	9	150	154
Loss on sale of fixed assets	11	14	8
Net cash flow from operating activities		1,576	1,447
Cash flows from investing activities			
Proceeds from sale of assets		-	-
Investment income	6	55	1
Payments made to acquire fixed assets	11	(172)	(106)
		(117)	(105)
Cash flows from financing activities			
Interest paid	9	(150)	(154)
Receipt of government grants		76	-
Repayments of amounts borrowed	14	(313)	(301)
		(387)	(455)
Increase/(decrease) in cash and cash equivalents in the year		**1,072**	**887**
Cash and cash equivalents at beginning of the year	16	6,876	5,989
Cash and cash equivalents at end of the year	16	7,948	6,876

1. Notes to the Accounts

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions 2019 ("the 2019 HE FE SORP"), the College Accounts Direction for 2021 to 2022 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 and events after the reporting period (note 18 on page 60). The financial position of the college, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The college currently has £1.86m of loans outstanding with bankers on terms negotiated in 2007 and £0.76m 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, and hold sufficient cash reserves to repay the loan in full should it choose.

It is explained in note 18 that the college has been granted an academy order which gives the opportunity to convert to an academy in the future, should the Corporation choose to do so. If this happened, the assets and liabilities of the Corporation would transfer into a new Academy Trust, at which point the Corporation would cease to be active. At this time, there has been no agreed date on the future conversion to academy status.

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.

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

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

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

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

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

Post-employment benefits

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

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

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

Stock

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

2 Funding Body Grants

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Recurrent grants		
Education and Skills Funding Agency -16-19	11,877	10,975
Specific grants		
Education and Skills Funding Agency	603	461
Other non-recurrent grants	35	26
Release of government capital grants	297	291
Total	**12,812**	**11,753**

3 Tuition Fees and Education Contracts

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Apprenticeship fees and contracts	-	-
Total	**-**	**-**

4 Other Grants and Contracts

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Other grants and contracts	36	27
	36	**27**

5 Other Income

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Other income generating activities	179	149
Catering	672	455
Donation	90	-
	941	**604**

6 Investment Income

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Other interest receivable	55	1
	55	**1**

7 Staff Costs

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

	Year ended 31 July 2023 Number	Year ended 31 July 2022 Number
Teaching staff	104	110
Non teaching staff	136	129
	240	**239**

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Staff costs for the above persons:		
Wages and salaries	7,178	6,816
Social security costs	690	655
Other pension costs (including FRS102(28) adjustments of £228k in 2023 and £673k in 2022)	1,622	1,961
Total staff costs	**9,490**	**9,432**

Teaching staff received a pay award increase between 5% and 8.9%, effective 1st September 2022.

Support staff received a pay award increase of between 5% and 7.7%, effective 1st September 2022. A further pay award between 0.57% and 0.75% was awarded to the first 4 points on the scale with effect from 1st March 2023 to ensure national statutory minimum wage levels and differentials were met.

Key management personnel salaries were subject to separate review. No severance payments were made in 2022/23 (2021/22 Nil).

7 Staff costs (continued)

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

	2023 Number	2022 Number
The number of key management personnel including the Accounting Officer was:	2	2

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 2023		Year ended 31 July 2022	
	Number senior post-holders	Number Other Staff	Number senior post-holders	Number Other Staff
£60,001 to £65,000		1	-	2
£65,001 to £70,000		2	-	1
£70,001 to £75,000		1		
£85,001 to £90,000			1	-
£90,001 to £100,000	1			
£130,001 to £135,000			1	
£135,001 to £140,000	1			
	2	**4**	**2**	**3**

Including part time workers grossed up to full time equivalent, no additional members of staff were paid above £60,000 in 2022/23 (2021/22: Nil).

Key management personnel emoluments are made up as follows:

	2023 £000	2022 £000
Salaries	234	220
Employers National Insurance	31	28
	265	**248**
Pension contributions	55	50
Total key management personnel emoluments	**320**	**298**

7 Staff costs (continued)

Bonuses were awarded and paid to key management personnel during the year. There were no salary sacrifice arrangements in place.

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

	Year Ended 31 July 2023 £000	Year Ended 31 July 2022 £000
Salary	133	125
Bonus	6	6
	139	131
Pension contributions	33	30

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: 3.99
Principal's total remuneration as a multiple of the median of all staff: 4.18

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 or Local Government 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 2023 £000	Year ended 31 July 2022 £000
Teaching costs	658	459
Non teaching costs	1,776	1,357
Premises costs	697	549
Total	**3,131**	**2,365**

Other operating expenses include:	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Auditors' remuneration:		
External auditors - financial statements audit	26	23
Internal audit	-	-
Other services	2	2
Hire of plant and machinery - operating leases	8	7

9 Interest and other finance costs

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
On bank loans, overdrafts and other loans:	150	154
	150	154
Net interest on defined pension liability (see note 17)	19	87
	169	**241**

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.

11 Tangible Fixed Assets

	Freehold land and buildings	Assets under construction	Plant & Machinery	Equipment	Computers	Leased Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 August 2022	26,818	-	2,354	2,379	1,483	10	33,044
Additions	-	84	37	22	29	-	172
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(5)	(92)	(1)	-	(98)
At 31 July 2023	**26,818**	**84**	**2,386**	**2,309**	**1,511**	**10**	**33,118**
Depreciation							
At 1 August 2022	7,225	-	1,352	2,155	1,454	10	12,196
Charge for year	522	-	119	47	29	-	717
Eliminated in respect of disposals	-	-	(3)	(80)	(1)	-	(84)
At 31 July 2023	**7,747**	**-**	**1,468**	**2,122**	**1,482**	**10**	**12,829**
Net book value At 31 July 2023	**19,071**	**84**	**918**	**187**	**29**	**-**	**20,289**
Net book value At 31 July 2022	19,593	-	1,002	224	29	-	20,848
Inherited	1,383	-		-	-	-	1,383
Financed by capital grant	8,075	22	403	17	11	-	8,528
Other	9,613	62	515	170	18	-	10,378
Net book value At 31 July 2023	**19,071**	**84**	**918**	**187**	**29**	**-**	**20,289**

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 £1,383,000 (2022: £1,428,000) 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 2023 is £592,000 (2022: £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	-

12 Trade and other receivables

	31 July 2023 £000	31 July 2022 £000
Amounts falling due within one year		
Trade receivables	37	38
Prepayments and accrued income	142	138
Other receivables	150	58
Total	**329**	**234**

13 Creditors

	31 July 2023 £000	31 July 2022 £000
Amounts falling due within one year		
Bank loans and overdrafts	325	313
Trade payables	211	117
Other taxation and social security	162	162
Accruals and deferred income	515	484
Amount owing to the ESFA	705	313
Other creditors	118	99
Deferred income – government capital grants	295	282
Deferred income – government revenue grants	59	61
Holiday pay accrual	387	359
Total	**2,777**	**2,190**

	31 July 2023 £000	31 July 2022 £000
Amounts falling due after more than one year		
Bank loans and overdrafts	2,302	2,627
Deferred income – government capital grants	8,233	8,467
Total	**10,535**	**11,094**

14 Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:	31 July 2023 £000	31 July 2022 £000
In one year or less	325	313
Between one and two years	340	325
Between two and five years	1,015	1,064
In five years or more	947	1,238
Total	**2,627**	**2,940**

Bank loans are secured by a negative pledge. £293,000 is repayable in monthly installments at a rate linked to base rate. £1,697,000 is repayable in monthly installments at a fixed rate of 5.31% plus 0.85% margin and £637,000 is repayable in monthly installments at a fixed rate of 2.875% plus 1% margin.

15 Provisions

	At 1 August 2022 £000	Decrease in the period £000	At 31 July 2023 £000
Defined benefit obligations	772	(772)	-
Total	**772**	**(772)**	**-**

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 2022 £000	Cashflows £000	Other changes £000	At 31 July 2023 £000
Cash and cash equivalents	6,876	1,072	-	7,948
Total	**6,876**	**1,072**	**-**	**7,948**

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 2023**		**31 July 2022**
	£000	**£000**	**£000**	**£000**
Teachers Pension Scheme: contributions paid		1,004		963
Local Government Pension Scheme				
Contributions paid	390		325	
FRS 102 (28) charge	228		673	
Charge to the Statement of Comprehensive Income (staff costs)		618		998
Total Pension Cost for Year		**1,622**		**1,961**

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 2022. Contributions amounting to £46,716 (2021/22: £39,382) were payable to the LGPS and £114,296 (2021/22: £112,796) 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, 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 during the 2022/23 and 2023/24 academic years.

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 for employer and employee contributions in the year amounted to £1,397,946 (2021/22: £1,342,816)

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 2023 were £536,735 (2022: £457,642), of which employer's contributions totalled £390,492 (2022: £324,901) and employees' contributions totalled £146,243 (2022: £132,741). The agreed future contribution rates are 16.5% to April 2024, increasing to 17.4% for 2024/25 and 18.2% for 2025/26. There is a contribution 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 £Nil (2022: £Nil) in respect of the McCloud / Sergeant judgement which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgement is based on a number of key assumptions including:

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

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

17 Defined benefit obligations (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.2%	4.1%
Rate of increase for pensions in payment / inflation	2.8%	2.7%
Discount rate for scheme liabilities	5%	3.5%
Inflation assumption (CPI)	2.7%	2.6%

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 2023	At 31 July 2022
Retiring today:		
Males	21	22.3
Females	23.4	25
Retiring in twenty years:		
Males	22.2	23.7
Females	25.2	26.8

The college's share of assets in the plan at the balance sheet date and the expected rates of return were:

		Value at 31 July 2023		Value at 31 July 2022
		£'000		£'000
Equities	48.4%	4,777	47.2%	4,389
Government bonds	0.4%	39	0.0%	-
Bonds	0.0%	-	4.4%	409
Property	9.5%	937	10.9%	1,014
Cash	0.6%	59	1.6%	149
Other	41.1%	4,056	35.9%	3,338
Total fair value of plan assets		**9,868**		**9,299**
Actual return on plan assets		**209**		**773**

17 Defined benefit obligations (continued)

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

	2023 £'000	2022 £'000
Fair Value of plan assets	(9,868)	(9,299)
Present value of plan liabilities	8,161	10,071
Restriction in recognition of plan assets	1,707	-
Net pensions liability (Note 15)	-	772

The FRS 102 asset has not been recognised as it does not reflect any asset ceiling and a decision was taken not to recognise one given that contributions have not reduced materially and the data is very volatile, amongst other factors. The actuarial gain recognised in the Statement of Comprehensive Income is the amount required to retain a "nil" pension asset value presentation.

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

	2023 £'000	2022 £'000
Amounts included in staff costs:		
Employer service cost (net of employer contributions)	(213)	(660)
Administration expenses	(15)	(13)
Net interest cost	(19)	(87)
Past service cost	-	-
Total	(247)	(760)

	At 31 July 2023 £'000	At 31 July 2022 £'000
Amount recognised in other comprehensive income:		
Remeasurements (liabilities)	2,841	4,944
Remeasurements (assets)	(115)	639
Restriction in recognition of plan assets	(1,707)	-
Total	1,019	5,583

17 Defined benefit obligations (continued)

	2023 £'000	2022 £'000
Movement in net defined liability during year		
Deficit in scheme at 1 August	(772)	(5,595)
Movement in year:		
Employer service cost	(602)	(983)
Employer contributions	389	323
Administration expenses	(15)	(13)
Net interest	(19)	(87)
Past service cost		-
Actuarial gain or loss	2,726	5,583
Restriction in recognition of plan assets	(1,707)	-
Net defined liability at 31 July	**-**	**(772)**

Asset and liability reconciliation

	At 31 July 2023 £'000	At 31 July 2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	10,071	13,803
Service cost	602	983
Interest cost	351	221
Employee contributions	146	133
Remeasurement losses/(gain)	(2,841)	(4,944)
Benefits/transfers paid	(168)	(125)
Past Service cost	-	-
Defined benefit obligations at end of period	8,161	10,071
Changes in fair value of plan assets		
Fair value of plan assets at start of period	9,299	8,208
Interest on plan assets	332	134
Remeasurement (losses)/gain	(115)	639
Employer contributions	389	323
Employee contributions	146	133
Benefits/transfers paid	(168)	(125)
Administration expenses	(15)	(13)
Fair value of plan assets at end of period	9,868	9,299

18 Events after the reporting period

On 26 June 2023 the Corporation voluntarily applied to become an academy, and on 28th November 2023 was awarded an academy order by the Department for Education. The academy order allows the Corporation to voluntarily start the formal process to convert to an academy in the future, when it is fully satisfied that this is the most suitable direction for the future of Blackpool Sixth.

19 Capital and other commitments

	31 July 2023 £000	31 July 2022 £000
Commitments contracted for at 31 July	130	-

20 Lease Obligations

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

	31 July 2023 £000	31 July 2022 £000
Future minimum lease payments due		
Equipment		
Not later than one year	7	2
Later than one year and not later than five years	17	4
Later than five years		
	24	6

The lease expense accounted for during the year amounted to £8k (2021/22: £7k).

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 (2022: £Nil). No director has received any remuneration or waived payments from the college during the year (2022: None).

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

There were sales ledger transactions in the year amounting to £Nil (2022: £Nil). There were purchase ledger transactions in the year amounting to £15,000 (2022: £15,200), primarily in relation to the provision of governance services. At the end of the year the Fylde Coast Academy Trust owed college £Nil (2022: £Nil) and college owed Fylde Coast Academy Trust £Nil (2022: £Nil).

Fylde Coast SCITT – an associate of The Blackpool Sixth Form College

There were sales ledger transactions in the year amounting to £113,592 (2022: £108,637) primarily in relation to the recharge of staffing costs for staff secondment and staff on joint employment contracts, and for placement costs. There were no purchase ledger transactions in the year (2022: £Nil). At the end of the year the Fylde Coast SCITT owed college £28,594 (2022: £25,887) and college owed Fylde Coast SCITT £Nil (2022: £Nil).