

Chesterfield College
Annual Report and Financial Statements
Year ended 31 July 2020

Chesterfield College

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Chesterfield College

Reference and Administrative Details

Corporation

A full list of members is given on pages 15-18 of these financial statements.

Clerk to the Corporation

Jessica Shore

Senior management team

| | |
|----------------|--|
| Julie Richards | Principal and CEO; Accounting Officer |
| Rod Morris | Chief Finance Officer |
| David Malone | Deputy Principal & Chief Operating Officer |

Principal and Registered Office

Infirmity Road, Chesterfield S41 7NG

Professional advisors

| | |
|-------------------|--|
| External auditors | Mazars LLP, Nottingham |
| Internal auditors | ICCA Education Training and Skills Ltd, Birmingham |
| Solicitors | Freeths LLP, Nottingham |
| Bankers | Barclays Bank PLC, Birmingham |

Chesterfield College

Report of the Corporation including the Strategic Report

OBJECTIVES AND STRATEGY

The members present their annual report together with the financial statements and auditor's report for Chesterfield College for the year ended 31 July 2020.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business. The college is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission, Vision and Strategy

The college's mission and vision remain the same as those adopted in 2015:

Our Mission

Inspiring Futures, Changing Lives.

Our Vision

To be recognised locally and nationally as an outstanding college by the students, employers and communities we serve.

Implementation of Strategic Plan

The college adopted a new 5 year strategic plan from 2019-2024 and this is reviewed annually and has been developed with its staff, students, governing body and external partners as a statement of the collective ambition for The Chesterfield College Group. This directly feeds into six strategic implementation plans that cover the key areas of the College Group. Implementation of the Year 1 objectives has been reviewed and the Group feels it is on track with the strategic plan.

The expectations placed on Further Education have changed dramatically over the years. It is now more important than ever that the college's strategic plan embraces and values the staff who dedicate themselves to inspiring the future of every student they teach. Raising the ambitions of the college's students will develop local communities and help support the economy to grow and prosper.

The Chesterfield College Group achieved the "Great Place to Work" kite mark during the year, a globally-recognised award which measures workplace culture and staff satisfaction. As a learning organisation, the college commits to its own professional development, equipping staff to deliver high quality education and training for all.

The college's strategy focuses on five key areas: People, looking at customer excellence, developing talented people and offering outstanding services: Performance, developing skills, achieving excellence, and inspiring success: Position, ensuring the college is responsive, ambitious, and an educational business: Prosperity, ensuring the college is financially sound, and equipped to flourish: Progress, driving ambition, enabling progression and maximising potential.

The Chesterfield College Group has much to be proud of and strives for the highest possible standards in everything it does. The successes of its students, the benefits it brings to local and national businesses and the strong partnerships it holds within local communities are evidence of its achievements so far. Together in collaboration with its staff, students and stakeholders, the college continues on its journey to be recognised as a high quality education business, financially sound and equipped to serve the needs of the local community.

Covid-19 has had an impact on the strategic plan for the college, and the impact of the pandemic has meant that the college has had to review its strategic priorities and has reassigned timescales to objectives that better reflected the current situation. This is due to the need to change delivery models for students across all of the college's provision, ensure financial stability, understand and develop the workplace for non-student facing roles to implement a working model that mixes traditional office based work with home working and accelerate the systems and ICT strategy to support the volume of infrastructure changes required.

Resources

The college has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main college site on Infirmary Road, Lockoford Lane Automotive Centre, Langer Lane and leased premises at Derby, Nottingham and Manchester.

The group has £5,702,000 net liabilities (2018-19: £125,000), including £25,032,000 pension liability (2018-19: £19,608,000) and total debt of £3,762,500 (2018-19: £3,870,000) with Barclays bank.

At 31st July 2020 the college employed 693 people (2018-19: 710), of whom 270 (2018-19: 261) were teaching or work-based tutors.

During the financial year 2019/20 the college enrolled approximately 7,250 students. The college's student population includes 2,450 16-to-18-year-old students, 3,050 apprentices, 320 higher education students and 1,430 adult learners.

The college has a good reputation locally and nationally. Maintaining a quality brand is essential for the college's success at attracting students, employer engagement and external relationships including Local Enterprise Partnerships.

In November 2019, Chesterfield College was inspected by Ofsted under the new Education Inspection Framework. The outcomes were based around 8 key areas of which the college achieved good in 3 areas and requires improvement in 5. This led to an overall effectiveness grade of requires improvement. The 7 areas for development were immediately addressed through the colleges quality improvement plan and initial meetings with Ofsted (November 20) and Further Education Commissioners team have suggested clear improvements and progress was being made. The college is expecting a monitoring visit in this academic year but this could be delayed due to the COVID impact.

In February 2020 the college was inspected by the FEC for a period of 2 days. A number of recommendations were made. Subsequent to this visit the college has addressed and implemented a number of changes in relation to those recommendations. The FEC have conducted a follow up monitoring visit during November 2020.

Stakeholders

The college has many stakeholders including:

- Current, future and past students;
- Staff and their trade unions;
- Bank and leasing companies;
- Local and national employers;
- The local community;
- Local borough council, combined authority and Local Enterprise Partnerships;
- Education sector funding bodies;
- FE Commissioner & other FE and HE institutions;
- Professional bodies.

Public Benefit

Chesterfield College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 15-18. In setting and reviewing the college's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides the following identifiable public benefits through the advancement of education:

- High quality teaching and learning
- Widening participation and tackling social exclusion
- Excellent employment record for students, providing 'work ready' students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

DEVELOPMENT AND PERFORMANCE

Financial Results

The inclusion of the LGPS pension costs in accordance with FRS102 has a significant impact on the presentation of the accounts.

The table below shows the financial outturn position and the impact of these charges for the group.

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Deficit before tax | (2,695) | (1,481) |
| Adjustment for non-operational items: | | |
| - Pension Reserve Costs | 2,542 | 1,850 |
| Underlying operating (loss)/surplus | (153) | 369 |

Covid-19 has had a significant impact on the financial results for the year ending 31 July 2020. The college's main grant funding streams have largely been unaffected, however the college has a significant proportion of income that relates to non-grant funding in particular around apprenticeships and commercial income streams.

The apprenticeship income stream has been affected in three ways, firstly the college ability to generate new programme starts due to businesses not recruiting apprentices that were planned at the outset. Secondly, the college has been impacted by the lack of job security in the current economic climate with significantly higher withdrawals from programmes. Finally, due to the nature of the apprentice provision and the introduction of the end point assessment for new standards there has been a significant delay in realising achievers that were due in year.

Commercial income streams include short non funded course, estates hire and catering activities, all of which were unable to proceed under national lockdown guidance and consequently having an impact on the financial results.

The college has also undertaken a large scale restructure to align the business with the ongoing economic pressures surrounding Covid-19, this was undertaken and implemented in quarter 4 of 19-20, and reduced the cost base into the next financial year by £2.6m (£1.8m Staffing, £0.8m Non Pay).

Cash flows and liquidity

At £1,202,000 (2019: (£1,046,000)), net cash flow from operating activities was strong.

The college has made significant improvement in working capital flows and cash flow management to ensure it maintains strong net cash flows from operating activities.

Due to Covid-19 the college felt there was going to be significant cash flow issues during quarter 4 of trading, so the college successfully negotiated a capital repayment holiday and a revision to the bank covenants held with Barclays to ensure the college maintained a compliant position. These renegotiated covenants were achieved and the college maintained a compliant position.

The college secured an overdraft facility to the value of £500,000 that is in place until 31 December 2020. Discussions are currently ongoing with the bank to extend this facility to the end of the 20-21 financial year.

The college was successful in its application for the ESFA provider relief support.

No other cash flow support was required from the ESFA or any other funders.

Developments

Capital expenditure incurred during 2019-20 amounted to £748,000 (2018-19: £1,658,000). Expenditure was incurred in relation to a number of projects and in particular £400,000 on ICT equipment, which forms part of a 3-year strategy to modernise the college's ICT infrastructure and essential estates work amounting to £200,000. Subsequent to the year end the college has been successful in securing £921,000 of Further Education Capital Allocation (FECA) as well as £500,000 from D2N2. The college has identified a number of projects on which these capital funds will be allocated.

Reserves

The Group has accumulated negative reserves of £5,702,000 (2018-19: £125,000), however this includes the LGPS pension provision of £25,032,000 (2018-19: £19,608,000), without this provision, accumulated reserves would stand at £19,330,000 (2018-19: £19,483,000). The Group also has cash and short term investment balances of £2,506,000 (2018-19: £2,640,000) and continues to keep a tight control over cash balances, through cash flow forecasting and cash management. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019-20, ESFA provided 79.9% (2018-19: 80.2%) of the Group's total income.

Group companies

The college has four trading subsidiary companies, Training Services 2000 Limited, Recruit Unlimited Limited, Chesterfield College Enterprises Limited and Learning Unlimited ATA Limited.

The principal activity of Training Services 2000 Limited is as a training provider, whilst Recruit Unlimited Limited carries out recruitment services and provides ancillary support services. Chesterfield College Enterprises Limited operates a restaurant. Learning Unlimited ATA Limited is an apprenticeship training agency. Any surpluses generated by the subsidiaries are transferred to the college by Gift Aid distribution.

In the current year, Training Services 2000 Limited generated a surplus of £493,000 (2018-19: £879,948), Recruit Unlimited Limited generated a deficit of £1,191 (2018-19: £1,554), Chesterfield College Enterprises Limited generated a deficit of £108,146 (2018-19: £89,014) and Learning Unlimited ATA Limited generated a deficit of £2,799 (2018-19: £5,183).

FUTURE PROSPECTS

Developments

The college continues to develop its curriculum offer and in order to do this the college will carry out a strategic review of each curriculum area. These reviews will look at the end-to-end training needs in the area and determine the strategic implementation plan that sits alongside the Group Strategic Plan. This review will also consider other non-grant funded income and how it can diversify current income streams in order to enhance financial performance, which will enable the college to reinvest where needed.

The college continues to rationalise its ICT infrastructure and is moving to a suite of Business Information Systems that are from a single source. This will enable harmonious integration enabling staff to spend less time on administrative duties and more time developing core activities.

The college continues to diversify its income streams, investing in Digital Marketing, Curriculum Design and Sales strategies to grow the current short accredited and non-accredited course offer.

Covid-19 has meant the college has had to re-evaluate its income streams to ensure all activities generate a contribution. As a consequence the college has reduced its offer through Chesterfield College Enterprises to only run those sites that are profit making, whilst reviewing the longer term strategy of the business. All other income streams across the group have been reviewed and a significant restructure has taken place to align the cost base of the organisation with the projected income from trading activities.

Financial plan

The college governors approved a financial plan in July 2020 which set financial targets and objectives for the period to 31 July 2021. The college aims to maintain its health rating of 'Good', comply with both bank covenants and achieve a small surplus in the year to 31 July 2021.

Treasury policies and objectives

The college has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short term borrowing for temporary revenue purposes is authorised by the Principal/Chief Executive Officer. All other borrowing requires the authorisation of the Corporation.

Reserves

The college has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the college's core activities. As at the balance sheet date the Income and Expenditure reserve stands at negative £11,897,000 (2018-19: £6,493,000), however this includes the LGPS pension provision of £25,032,000 (2018-19: £19,608,000), without this provision, Income and Expenditure reserves would stand at £13,135,000 (2018-19: £13,115,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A strategic Risk Register is maintained at the college level which is reviewed at least annually by the Audit Committee and more frequently where necessary. 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 prioritised using a consistent scoring system.

The main risk factors affecting the college are outlined below:

- Customer excellence and outstanding quality of service are not achieved (People)
- The ongoing global pandemic (Covid-19) (Prosperity)
- Behaviours are not in line with College Professional Values (People)
- Student programme outcomes and career aspirations are not achieved (Performance)
- Strong and effective strategic partnerships are not built (Position)
- The offer is not shaped to meet local needs (Position)
- Failure to respond to Government Educational Priorities or funding changes (Position)
- A sustainable platform for financial health is not created (Prosperity)
- Failure to innovate (Prosperity)
- Downtime as a consequence of a business continuity event (Prosperity)
- Cyber-attack/loss of Data (Prosperity)
- Failure to deliver business growth and support financial sustainability (Prosperity)

With the assistance of the college's internal auditors, the Senior Management Team have undertaken a comprehensive review of its strategic risks which will continue to be monitored throughout the financial year.

KEY PERFORMANCE INDICATORS

The college is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The college is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The college is assessed by the ESFA as having a 'Good' financial health grade.

| Key Performance Area | Strategic Intent | Performance Measure | Target Value | Actual Value |
|----------------------|--|--|--------------|--------------|
| Prosperity | Financially sound, equipped to flourish | Surplus (before LGPS actuarial adjustment) | 2.3% | -0.6% |
| | | Pay to income ratio (education specific adjusted 9d) | <= 65.0% | 71% |
| | | Total debt as a proportion of income | <= 20.0% | 17% |
| | | Current ratio | >= 1.5 | 1.8 |
| | | ESFA financial health grade | Good | Good |
| | | Compliance with bank covenants | Pass | Pass |
| Performance | Developing skills, achieving excellence, inspiring success | Achievement rates for classroom provision | >= 83% | 86.3% |
| | | Achievement rates for work-based provision | >= 88% | 59.8% |
| | | Achievement rates for maths and English provision | >= 80% | 89.5% |
| | | Achievement rates for HE provision | >= 88% | 82.6% |
| Progress | Driving ambition, enabling progression, maximising potential | Value-added score for Applied General provision | <= 6 | 7 |
| | | Value-added score for Academic provision | <= 6 | 4 |
| Position | Responsive, ambitious, educational business | Number of students enrolled | >= 9,324 | 8,670 |
| People | Customer excellence, talented people, outstanding services | Staff turnover | <15.0% | 16.8% |
| | | Staff completion of mandatory training | 100% | 95% |

Student achievements

Students continue to prosper at the college. Achievement rates remained high in 2019-20, 96% of 16-18 year olds and 96.3% of total students moved into employment, further or higher education after they completed college.

Payment performance

The late payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations. During the accounting period 1 August 2019 to 31 July 2020, the college paid the majority of invoices promptly and incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

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

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

The college is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The college considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues. The college's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The college has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The college has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The college has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

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

- a) Accessible premises – The college complies with the requirements to ensure that premises are accessible and reasonable adjustment is made to ensure that disabled students and staff can access our premises.
- b) Training and development – The college delivers quality and diversity training and disability awareness training, including events specifically designed to enable tutors and support staff to deliver a better service to students with a disability.

- c) There is a list of specialist equipment, such as radio aids, which the college can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The college has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard college format.
- g) Counselling and welfare services are described in the college Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

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

| Numbers of employees who were relevant period | FTE employee number |
|---|---------------------|
| 3 | 2.7 |

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 0 |
| 1-50% | 3 |
| 51-99% | 0 |
| 100% | 0 |

| | |
|---|-------------|
| Total cost of facility time | £12,750 |
| Total pay bill | £20,831,000 |
| Percentage of total bill spent on facility time | 0.06% |
| Time spent on paid trade union activities as a percentage of total paid facility time | 80% |

Going concern

The college has prepared these financial statements on the assumption that it is a going concern and will be able to trade into the foreseeable future. Informing this opinion the Corporation Board have taken into account reports presented to it such as monthly management accounts, budgets and forecasts, ESFA returns, cash flow forecasts as well as correspondence from its Bankers as well as reports prepared by its Internal and External auditors. In addition to these reports the Corporation Board have taken into account the following actions;

- e A major restructuring programme carried out in the summer 2020

- Significantly improved credit control and debtor management
- Rigorous cash flow forecasting
- Careful and prudent management of capital expenditure
- The availability of a bank overdraft facility
- Potential disposal of surplus assets

The Corporation Board have ensured that future profit and cash flow projections have been prepared on a prudent basis having in mind the uncertainties that the Covid-19 pandemic has presented.

The college finance team continue to carefully evaluate the potential impact that Covid-19 has on its profit and cash flow forecasts and this is reported regularly to the Corporation Board as well as other financial stakeholders.

In an anticipation of a difficult quarter 4 the college commenced discussions with its Bankers in relation to resetting the key covenant tests. The bank were supportive in relation to these discussions and the covenant tests were amended as at 31 July 2020. The college has successfully passed these adjusted covenants. As part of its provision of financial information to the Corporation Board the college's finance team project the future likelihood of achieving the bank covenant tests at the following year end.

The college commenced its annual budgeting process in March 2020 which built in contingencies for the ongoing financial pressures due to Covid-19. These continue to be assessed, evaluated and discussed with the Corporation Board as well as other key financial stakeholders.

The Group has net liabilities of £5,027,000 (2018-19: £125,000), however this includes the LGPS pension provision of £25,032,000 (2018-19: £19,608,000), without this provision, net assets would stand at £20,005,000 (2018-19: £19,483,000).

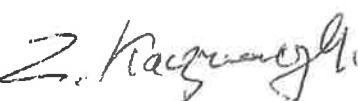
The college currently has £3,762,500 (2018-19: £3,870,000) of loans outstanding with bankers on terms negotiated in 2017. The college's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly, 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, it continues to adopt a 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 16th December 2020 and signed on its behalf by:

Beej Kaczmarczyk 

Chair of Corporation

Chesterfield College

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 1st August 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English colleges ("the Code").

In the opinion of the Governors, the college complies all the provisions of the Code, and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 25 June 2015.

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 in the table below.

| | Date of Appointment | Term of office | Date of resignation | Status of appointment | Committees served | Attendance in 2019-20 |
|-----------------------|---------------------|----------------|---------------------|-----------------------|------------------------------|-----------------------|
| Joe Battye | 06.12.17 | 4 years | | Independent Member | Corporation | 3/9 |
| | | | | Independent Member | Finance & Corporate Services | 2/3 |
| Janet Beaumont | 01.10.18 | 4 years | 27.01.20 | Co-opted Chair | Remuneration | 0/0 |
| Huw Bowen | 04.07.13 | 4 years | 01.09.19 | Independent Member | Corporation | 0/0 |
| | | | | Independent Member | Audit | 0/0 |
| Chris Brightman-White | 11.12.18 | 4 years | 25.09.19 | Co-opted Member | Finance & Corporate Services | 9/9 |
| Tony Cawthorne | 01.09.17 | 4 years | | Co-opted Member | Standards & performance | 2/3 |

| | Date of Appointment | Term of office | Date of resignation | Status of appointment | Committees served | Attendance in 2019-20 |
|------------------|---------------------|----------------|---------------------|--------------------------------------|------------------------------|-----------------------|
| John Croot | 18.05.17 | 4 years | | Independent Member | Corporation | 9/9 |
| | | | | Chair | Finance & Corporate Services | 3/3 |
| Keith Dennis | 22.03.18 | 4 years | 19.12.19 | Chair | Corporation | 0/2 |
| | | | | Independent Member | Standards & Performance | 0/1 |
| | | | | Independent Member | Remuneration | 0/0 |
| | | | | Chair | Governance & Search | 0/0 |
| Ivan Fomin | 01.09.18 | 4 years | 06.09.19 | Independent Member | Corporation | 0/0 |
| | | | | Independent Member | Finance & Corporate Services | 0/0 |
| Howard Freeman | 10.10.19 | 4 years | | Independent Member | Corporation | 9/9 |
| | | | | Chair | Audit | 3/3 |
| Martyn Glossop | 26.06.17 | 4 years | | Co-opted Member | Standards & performance | 2/3 |
| Jan Hemper | 11.04.19 | 4 years | | Independent Member | Corporation | 6/9 |
| | | | | Independent Member | Finance & Corporate Services | 0/1 |
| Julia Hodder | 01.09.18 | 4 years | 09.09.19 | Independent Member | Corporation | 0/0 |
| | | | | Independent Member | Standards & Performance | 0/0 |
| Beej Kaczmarczyk | 22.03.18 | 4 years | | Interim Chair /Chair (from 13.02.20) | Corporation | 9/9 |
| | | | | Independent Member | Finance & Corporate Services | 3/3 |
| | | | | Independent Member | Remuneration | 1/1 |

| | Date of Appointment | Term of office | Date of resignation | Status of appointment | Committees served | Attendance in 2019-20 |
|--------------------|----------------------------|-----------------------|----------------------------|---|------------------------------|------------------------------|
| | | | | Independent Member | Governance & Search | 1/1 |
| Geoff Leyland | 05.12.20 | 1 year | | Interim Vice Chair / Vice Chair (from 13.02.20) | Corporation | 8/9 |
| | | | | Acting Chair | Standards & Performance | 3/3 |
| | | | | Independent Member | Remuneration | 1/1 |
| | | | | Independent Member | Governance & Search | 1/1 |
| John McElvaney | 01.09.18 | 4 years | | Independent Member | Corporation | 8/9 |
| | | | | Independent Member | Audit | 3/3 |
| | | | | Independent Member | Remuneration | 0/1 |
| Leigh McKenzie | 11.04.19 | 4 years | | Independent Member | Corporation | 6/9 |
| | | | | Independent Member | Standards & Performance | 3/3 |
| Richard Naylor | 01.09.18 | | 01.12.20 | Staff Governor | Corporation | 5/6 |
| | | | | Staff Governor | Standards & Performance | 2/3 |
| Julie Richards | 01.03.17 | Principal / CEO | | Corporation | Principal / CEO | 9/9 |
| | | | | Member | Finance & Corporate Services | 3/3 |
| | | | | Member | Standards & Performance | 1/3 |
| | | | | Member | Governance & Search | 1/1 |
| Dominic Staniforth | 01.09.19 | 4 years | 25.06.20 | Independent Member | Corporation | 5/8 |
| | | | | Chair | Audit | 3/3 |
| | | | | Independent Member | Governance & Search | 0/1 |

| | Date of Appointment | Term of office | Date of resignation | Status of appointment | Committees served | Attendance in 2019-20 |
|-------------------------|----------------------------|-----------------------|----------------------------|------------------------------|------------------------------|------------------------------|
| Geoff Taster | 01.09.18 | 4 years | | Co-opted Member | Finance & Corporate Services | 2/3 |
| Allison Westray-Chapman | 01.09.18 | 4 years | | Independent Member | Corporation | 8/9 |
| | | | | Independent Member | Standards & performance | 2/3 |
| Megan Wildgoose | 12.12.19 | 1 year | 31.07.20 | Student Governor | Corporation | 1/3 |

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 staff-related matters such as health and safety and environmental issues. The Corporation meets twice a term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance & Corporate Services, Remuneration, Audit, Standards & Performance, and Governance & Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the college's website at chesterfield.ac.uk or from the Clerk to the Corporation at the colleges registered address.

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

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

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

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

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

Corporation meetings have continued to operate since March 2020 albeit remotely and detailed papers have continued to be distributed on a timely basis. Throughout the summer of 2020 the Corporation Board were convened on a number of occasions to discuss special matters in relation to Covid-19, including detailed plans for the re-opening of college and shift in teaching and learning from classrooms to online platforms.

Following the government release of the Public Procurement Notices 02/20 and 04/20 the college undertook an exercise to seek best value for money with its suppliers.

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 Governance & Search committee, consisting of three members of the Corporation, 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 four years.

Corporation performance

The Corporation is currently carrying out a self-assessment of its own performance for the year ended 31st July 2020, with the process yet to be finalised.

Remuneration Committee

Throughout the year ending 31 July 2020 the college's Remuneration Committee comprised five members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2020 are set out in note 8 to the financial statements.

Audit Committee

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

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

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

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

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

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Chesterfield 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. This system of internal control has been in place in Chesterfield College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the college is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the college's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines as well as ongoing cash flow forecasts
- 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. On an annual basis the Audit Committee reports to the Corporation on a range of matters including the progress and status of the external audit, the progress and status of internal audit matters, the Risk Management framework, internal controls, as well as any FE Funding body issues.

Risks faced by the corporation

The Corporation Board have on a number of occasions been requested to identify and highlight their appetite for risk. This exercise was conducted with the internal auditors who carried out a similar exercise with the college's Senior Management and Leadership teams. Such risks have been incorporated into the college's strategic risk register. Each risk is assessed and reviewed on a termly basis by the risk management group as well as the audit committee. On an ongoing basis new risks are identified and where appropriate risks will be removed.

Control weaknesses identified

The internal and external auditors as part of their routine work have drawn attention to the Audit Committee recommendations in relation to findings identified during their work. None of these findings are regarded as being significant weaknesses or failures.

Responsibilities under funding agreements

The Corporation has met its contractual responsibilities under its agreements and contracts with the ESFA.

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 the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2019/20 and up to the date of the approval of the financial statements are:

- Review of the work and year-end report of the external auditors
- Oversight of the process to change the college's internal auditors
- Agreeing a programme of work with the internal auditors to cover a 24 month period
- Review of the college's statutory accounts
- Review of specific internal audit reports
- Review of the strategic risk register

Review of effectiveness

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

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

- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

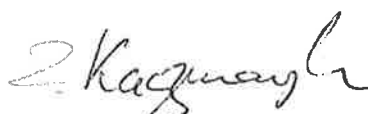
The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous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

The Senior Management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management 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 receives reports from the Senior Management team and the Audit Committee in relation to risk and control as and when appropriate. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Senior Management team and internal audit, and taking account of events since 31 July 2020.

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

Approved by order of the members of the Corporation on 16th December 2020 and signed on its behalf by:



Beej Kaczmarczyk

Chair of Corporation



Julie Richards

Accounting Officer

Chesterfield College

Statement of Regularity, Propriety and Compliance

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

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

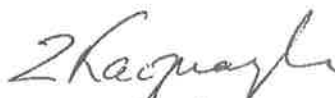
We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



Julie Richards

Accounting Officer

16th December 2020



Beej Kaczmarczyk

Chair of Corporation

16th December 2020

Chesterfield College

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

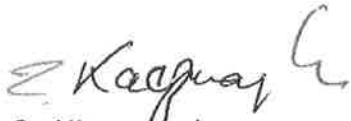
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA 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. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the 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 order of the members of the Corporation on 16th December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Beej Kaczmarczyk', with a stylized flourish at the end.

Beej Kaczmarczyk

Chair of Corporation

Chesterfield College

Independent auditor's report to the members of Chesterfield College and its subsidiaries

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other Information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 24, 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 Group's and 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

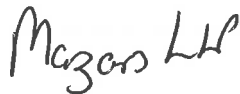
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

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



Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 17/12/2020

Chesterfield College

Reporting accountant's assurance report on regularity

To: The Corporation of Chesterfield College and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 10 September 2020 and further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Chesterfield College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Chesterfield College and the reporting accountant

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

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

Approach

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

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

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

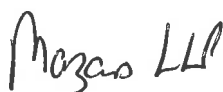
Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the college's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the college's completed self-assessment questionnaire on regularity.
- Read the 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.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the college's whistleblowing policy.

Conclusion

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



Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 17/12/2020

Chesterfield College

Consolidated and College Statements of Comprehensive Income and Expenditure

| | Notes | Year ended 31 July 2020 | | Year ended 31 July 2019 | |
|--|-------|----------------------------|------------------|----------------------------|------------------|
| | | Group £'000 | College £'000 | Group £'000 | College £'000 |
| INCOME | | | | | |
| Funding council grants | 2 | 22,188 | 20,419 | 23,581 | 21,438 |
| Tuition fees and education contracts | 3 | 2,463 | 2,178 | 2,457 | 2,265 |
| Other grants and contracts | 4 | 731 | 462 | - | - |
| Other income | 5 | 1,353 | 1,130 | 2,267 | 1,649 |
| Investment income | 6 | 4 | 3 | 14 | 14 |
| Donations and Endowments | 7 | - | 906 | - | 697 |
| Total income | | 26,739 | 25,098 | 28,319 | 26,063 |
| EXPENDITURE | | | | | |
| Staff costs | 8 | 21,050 | 19,680 | 20,138 | 18,891 |
| Fundamental restructuring costs | 8 | 339 | 318 | 172 | 170 |
| Other operating expenses | 9 | 5,904 | 5,247 | 7,651 | 6,634 |
| Depreciation | 12 | 1,370 | 1,292 | 1,308 | 1,216 |
| Amortisation and impairment | 13 | 66 | - | 40 | - |
| Interest and other finance costs | 10 | 691 | 691 | 501 | 501 |
| Total expenditure | | 29,420 | 27,228 | 29,810 | 27,412 |
| Deficit before other gains and losses | | (2,681) | (2,130) | (1,491) | (1,349) |
| (Loss)/Gain on disposal of assets | 12 | (14) | (7) | 10 | 10 |
| Deficit before tax | | (2,695) | (2,137) | (1,481) | (1,339) |
| Taxation | 11 | - | - | 42 | - |
| Deficit for the year | | (2,695) | (2,137) | (1,439) | (1,339) |
| Actuarial loss in respect of pensions schemes | 22 | (2,882) | (2,882) | (8,152) | (8,152) |
| Total Comprehensive Income for the year | | (5,577) | (5,019) | (9,591) | (9,491) |
| Represented by: | | | | | |
| Unrestricted comprehensive income | | (5,577) | (5,019) | (9,591) | (9,491) |
| | | (5,577) | (5,019) | (9,591) | (9,491) |

The statement of comprehensive income is in respect of continuing activities.

Chesterfield College

Consolidated and College Statement of Changes in Reserve

| | Income and expenditure account | Revaluation reserve | Total |
|---|--------------------------------------|------------------------|---------|
| | £'000 | £'000 | £'000 |
| Group | | | |
| Balance at 1st August 2018 | 2,925 | 6,541 | 9,466 |
| Deficit from the income and expenditure account | (1,439) | - | (1,439) |
| Other comprehensive income | (8,152) | - | (8,152) |
| Transfers between revaluation and income and expenditure reserves | 173 | (173) | - |
| | (9,418) | (173) | (9,591) |
| Balance at 31st July 2019 | (6,493) | 6,368 | (125) |
| Deficit from the income and expenditure account | (2,695) | - | (2,695) |
| Other comprehensive income | (2,882) | - | (2,882) |
| Transfers between revaluation and income and expenditure reserves | 173 | (173) | - |
| Total comprehensive income for the year | (5,404) | (173) | (5,577) |
| Balance at 31st July 2020 | (11,897) | 6,195 | (5,702) |
| College | | | |
| Balance at 1st August 2018 | 2,422 | 6,541 | 8,963 |
| Deficit from the income and expenditure account | (1,339) | - | (1,339) |
| Other comprehensive income | (8,152) | - | (8,152) |
| Transfers between revaluation and income and expenditure reserves | 173 | (173) | - |
| | (9,318) | (173) | (9,491) |
| Balance at 31st July 2019 | (6,896) | 6,368 | (528) |
| Deficit from the income and expenditure account | (2,137) | - | (2,137) |
| Other comprehensive income | (2,882) | - | (2,882) |
| Transfers between revaluation and income and expenditure reserves | 173 | (173) | - |
| Total comprehensive income for the year | (4,846) | (173) | (5,019) |
| Balance at 31st July 2020 | (11,742) | 6,195 | (5,547) |

Chesterfield College

Consolidated and College Balance sheets as at 31 July 2020

| | Notes | Group 2020 £'000 | College 2020 £'000 | Group 2019 £'000 | College 2019 £'000 |
|--|-------|------------------------|--------------------------|------------------------|--------------------------|
| Non-current assets | | | | | |
| Tangible Fixed assets | 12 | 22,527 | 22,389 | 23,162 | 22,986 |
| Intangible fixed assets | 13 | 467 | - | 533 | - |
| Investments | 14 | - | 1,000 | - | 1,000 |
| | | 22,994 | 23,389 | 23,695 | 23,986 |
| Debtors: amounts falling due after one year | | | | | |
| | 15 | 1,947 | 1,947 | 2,042 | 2,042 |
| Current assets | | | | | |
| Stocks | | 173 | 166 | 89 | 75 |
| Trade and other receivables | 15 | 3,497 | 3,453 | 3,965 | 4,104 |
| Cash and cash equivalents | 20 | 2,506 | 1,940 | 2,640 | 1,463 |
| | | 6,176 | 5,559 | 6,694 | 5,642 |
| Creditors – amounts falling due within one year | 16 | (3,356) | (2,979) | (7,297) | (6,939) |
| Net current assets/(liabilities) | | 2,820 | 2,580 | (603) | (1,297) |
| Total assets less current liabilities | | 27,761 | 27,916 | 25,134 | 24,731 |
| Creditors – amounts falling due after more than one year | 17 | (8,431) | (8,431) | (5,651) | (5,651) |
| Provisions | | | | | |
| Defined benefit obligations | 19 | (25,032) | (25,032) | (19,608) | (19,608) |
| Total net assets | | (5,702) | (5,547) | (125) | (528) |
| Unrestricted Reserves | | | | | |
| Income and expenditure account | | (11,897) | (11,742) | (6,493) | (6,896) |
| Revaluation reserve | | 6,195 | 6,195 | 6,368 | 6,368 |
| Total unrestricted reserves | | (5,702) | (5,547) | (125) | (528) |

The financial statements on pages 31 to 58 were approved and authorised for issue by the Corporation 16th December 2020 and were signed on its behalf on that date by:



Beej Kaczmarczyk

Chair of Corporation



Julie Richards

Accounting Officer

Chesterfield College

Consolidated Statement of Cash Flows

| | Notes | 2020 £'000 | 2019 £'000 |
|--|-------|---------------|----------------|
| Cash flow from operating activities | | | |
| Deficit for the year | | (2,695) | (1,439) |
| Adjustment for non-cash items | | | |
| Depreciation | | 1,370 | 1,308 |
| Amortisation and impairment | | 66 | 40 |
| Increase in stocks | | (84) | (68) |
| Decrease/(increase) in debtors due within one year | | 468 | (1,749) |
| Decrease in debtors due after one year | | 95 | 100 |
| Decrease in creditors due within one year | | (372) | (1,027) |
| Decrease in creditors due after one year | | (454) | (205) |
| Decrease in provisions | | - | (43) |
| Pensions costs less contributions payable | | 2,542 | 1,850 |
| Adjustment for investing or financing activities | | | |
| Investment income | | (4) | (14) |
| Interest payable | | 256 | 211 |
| Loss/(profit) on disposal of fixed assets | | 14 | (10) |
| Net cash flow from operating activities | | <u>1,202</u> | <u>(1,046)</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of fixed assets | | - | 10 |
| Investment income | | 4 | 14 |
| Payments made to acquire fixed assets | | (748) | (1,605) |
| | | <u>(744)</u> | <u>(1,581)</u> |
| Cash flows from financing activities | | | |
| Interest paid | | (120) | (118) |
| Interest element of finance lease rental payments | | (136) | (93) |
| New finance leases | | 168 | 927 |
| Repayments of amounts borrowed | | (108) | (215) |
| Capital element of finance lease rental payments | | (396) | (209) |
| | | <u>(592)</u> | <u>292</u> |
| Decrease in cash and cash equivalents in the year | | <u>(134)</u> | <u>(2,335)</u> |
| Cash and cash equivalents at beginning of the year | 20 | 2,640 | 4,975 |
| Cash and cash equivalents at end of the year | 20 | 2,506 | 2,640 |

Chesterfield College

Notes to the Financial Statements

1. 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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the college and its subsidiaries, Training Services 2000 Limited, Recruit Unlimited Limited, Chesterfield College Enterprises Limited and Learning Unlimited ATA Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the college does not control those activities.

Going concern

The college has prepared these financial statements on the assumption that it is a going concern and will be able to trade into the foreseeable future. In forming this opinion the Corporation Board have taken into account reports presented to it such as monthly management accounts, budgets and forecasts, ESFA returns, cash flow forecasts as well as correspondence from its Bankers as well as reports prepared by its Internal and External auditors. In addition to these reports the Corporation Board have taken into account the following actions;

- A major restructuring programme carried out in the summer 2020
- Significantly improved credit control and debtor management
- Rigorous cash flow forecasting
- Careful and prudent management of capital expenditure
- The availability of a bank overdraft facility
- Potential disposal of surplus assets

The Corporation Board have ensured that future profit and cash flow projections have been prepared on a prudent basis having in mind the uncertainties that the Covid-19 pandemic has presented.

The college finance team continue to carefully evaluate the potential impact that Covid-19 has on its profit and cash flow forecasts and this is reported regularly to the Corporation Board as well as other financial stakeholders.

In an anticipation of a difficult quarter 4 the college commenced discussions with its Bankers in relation to resetting the key covenant tests. The bank were supportive in relation to these discussions and the covenant tests were amended as at 31 July 2020. The college has successfully passed these adjusted covenants. As part of its provision of financial information to the Corporation Board the colleges finance team project the future likelihood of achieving the bank covenant tests at the following year end.

The college commenced its annual budgeting process in March 2020 which built in contingencies for the ongoing financial pressures due to Covid-19. These continue to be assessed, evaluated and discussed with the Corporation Board as well as other key financial stakeholders.

Accordingly, 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, it continues to adopt a going concern basis in preparing the financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. 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. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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.

Capital grant funding

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

Fee income

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

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

The college acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. 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.

Derbyshire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Short term Employment benefits

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful life to the college of 50 years.

Freehold land is not depreciated as it is considered to have an infinite useful life.

The college has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 50 years.

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.

On adoption of FRS 102, the college followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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 after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the college, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £5,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- | | |
|------------------------------------|---------|
| • motor vehicles | 4 years |
| • computer equipment | 5 years |
| • furniture, fixtures and fittings | 5 years |

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

Intangible assets and goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Income and Expenditure Account over its estimated economic life.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

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 and Expenditure. 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 an obligation under finance leases. 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.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short term deposits held by the Group 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.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The college is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The college's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- ***Tangible fixed assets***

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

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation

| 2 Funding council grants | Year ended 31 July | | Year ended 31 July | |
|---|--------------------|---------------|--------------------|---------------|
| | 2020 | 2020 | 2019 | 2019 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Recurrent grants | | | | |
| Education and Skills Funding Agency – adult | 2,211 | 2,044 | 2,461 | 2,180 |
| Education and Skills Funding Agency – 16 -18 | 12,438 | 12,438 | 13,030 | 13,030 |
| Education and Skills Funding Agency – apprenticeships | 6,204 | 4,612 | 7,215 | 5,373 |
| Office for Students | 335 | 335 | 465 | 445 |
| Specific grants | | | | |
| Education and Skills Funding Agency – provider relief scheme | 92 | 82 | - | - |
| Education and Skills Funding Agency – teachers' pension scheme contribution grant | 420 | 420 | - | - |
| Releases of government capital grants | 488 | 488 | 216 | 216 |
| Other specific grants | - | - | 194 | 194 |
| Total | 22,188 | 20,419 | 23,581 | 21,438 |

Under the provider relief scheme, the corporation received funding of £92,000 from the ESFA. This amount was fully spent in the year.

| | | |
|--|--------------|--------------|
| 2a HE related income – College only | 2020 | 2019 |
| Grant income from the Office for Students | 335 | 445 |
| Fee income for taught awards | 1,291 | 1,291 |
| | <u>1,626</u> | <u>1,736</u> |

The Office for Students regulates higher education in the college and therefore the above table includes income relating to courses at Level 4 or higher only.

| 3 Tuition fees and education contracts | Year ended 31 July | | Year ended 31 July | |
|--|------------------------|--------------------------|------------------------|--------------------------|
| | 2020 Group £'000 | 2020 College £'000 | 2019 Group £'000 | 2019 College £'000 |
| Adult education fees | 593 | 334 | 509 | 355 |
| Apprenticeship contracts | 83 | 57 | 148 | 110 |
| Fees for FE loan supported courses | 496 | 496 | 509 | 509 |
| Fees for HE loan supported courses | 1,291 | 1,291 | 1,291 | 1,291 |
| Total | 2,463 | 2,178 | 2,457 | 2,265 |

| 4 Other grants and contracts | Year ended 31 July | | Year ended 31 July | |
|--|------------------------|--------------------------|------------------------|--------------------------|
| | 2020 Group £'000 | 2020 College £'000 | 2019 Group £'000 | 2019 College £'000 |
| Coronavirus job retention scheme grant | 731 | 462 | - | - |
| Total | 731 | 462 | - | - |

The corporation furloughed some of the catering, estates, central support & other non-grant funded delivery staff under the government's Coronavirus Job Retention Scheme. The funding received of £731,000 relates to staff costs which are included within the staff costs note (note 8) as appropriate.

| 5 Other income | Year ended 31 July | | Year ended 31 July | |
|------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| | 2020 Group £'000 | 2020 College £'000 | 2019 Group £'000 | 2019 College £'000 |
| Catering and residences | 516 | 371 | 778 | 512 |
| Other income generating activities | 33 | 10 | 45 | 45 |
| Other grant income | 155 | 130 | 229 | 229 |
| Miscellaneous income | 649 | 619 | 1,215 | 863 |
| Total | 1,353 | 1,130 | 2,267 | 1,649 |

| 6 Investment income | Year ended 31 July | | Year ended 31 July | |
|---------------------------|------------------------|--------------------------|------------------------|--------------------------|
| | 2020 Group £'000 | 2020 College £'000 | 2019 Group £'000 | 2019 College £'000 |
| Other interest receivable | 4 | 3 | 14 | 14 |
| Total | 4 | 3 | 14 | 14 |

7 Donations – College only

| | Year ended 31 July 2020 £'000 | Year ended 31 July 2019 £'000 |
|--|--|--|
| Unrestricted donations from subsidiary companies | 906 | 697 |
| Total | 906 | 697 |

8 Staff costs – Group and College

The average number of persons (including key management personnel) employed during the year, based on average headcount, was:

| | 2020 Group No. | 2020 College No. | 2019 Group No. | 2019 College No. |
|--------------------|----------------------|------------------------|----------------------|------------------------|
| Teaching staff | 270 | 262 | 253 | 245 |
| Non-teaching staff | 425 | 296 | 440 | 305 |

| | | | | |
|--|-----|-----|-----|-----|
| | 695 | 558 | 693 | 550 |
|--|-----|-----|-----|-----|

Staff costs for the above persons

| | 2020 Group £'000 | 2020 College £'000 | 2019 Group £'000 | 2019 College £'000 |
|-----------------------|------------------------|--------------------------|------------------------|--------------------------|
| Wages and salaries | 15,206 | 14,025 | 15,171 | 14,102 |
| Social security costs | 1,250 | 1,121 | 1,223 | 1,106 |
| Other pension costs | 4,375 | 4,318 | 3,417 | 3,366 |

| | | | | |
|--------------------------|---------------|---------------|---------------|---------------|
| Payroll sub total | 20,831 | 19,464 | 19,811 | 18,574 |
|--------------------------|---------------|---------------|---------------|---------------|

| | | | | |
|----------------------------------|-----|-----|-----|-----|
| Contracted out staffing services | 219 | 216 | 327 | 317 |
|----------------------------------|-----|-----|-----|-----|

| | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 21,050 | 19,680 | 20,138 | 18,891 |
| Restructuring costs – Contractual | 324 | 304 | 172 | 170 |
| – Non contractual | 15 | 14 | - | - |

| | | | | |
|--------------------------|---------------|---------------|---------------|---------------|
| Total Staff costs | 21,389 | 19,998 | 20,310 | 19,061 |
|--------------------------|---------------|---------------|---------------|---------------|

The restructuring costs were approved by the corporation and the corporation does not have any salary sacrifice arrangements in place.

Staff costs included:

| | 2020 £'000 |
|--|---------------|
| Access and Participation related costs | |
| Access Investment | 257 |
| Financial Support | 15 |
| Disability Support | 32 |
| Research and Evaluation | 191 |
| | 495 |

As 2020 is the first year of disclosure, no comparatives are provided for 2019.

The College's Access and Participation Plan can be found at - https://www.chesterfield.ac.uk/knowledge-base/higher-education-access-and-participation-plan-2020-21_2024-25/.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team, as detailed on page 3. Staff costs include compensation paid to key management personnel or loss of office

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

| | 2020 No. | 2019 No. |
|--|-------------|-------------|
| The number of key management personnel including the Accounting Officer was: | <u>3</u> | <u>6</u> |

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

| | Key management personnel | | Other staff | |
|---------------------------|--------------------------|-------------|-------------|-------------|
| | 2020 No. | 2019 No. | 2020 No. | 2019 No. |
| £70,001 to £75,000 p.a. | - | 1 | - | 1 |
| £85,001 to £90,000 p.a. | 1 | 2 | - | - |
| £90,001 to £95,000 p.a. | - | 1 | - | - |
| £100,001 to £105,000 p.a. | - | 1 | - | - |
| £115,001 to £120,000 p.a. | 1 | - | - | - |
| £145,001 to £150,000 p.a. | 1 | 1 | - | - |
| | <u>3</u> | <u>6</u> | <u>-</u> | <u>1</u> |

Key management personnel compensation is made up as follows:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Salary – gross of salary sacrifice & waived emoluments | 351 | 420 |
| Social security contributions | 38 | 60 |
| Benefits in kind | 2 | 2 |
| Pension contributions | 40 | 45 |
| Total key management personnel compensation | <u>431</u> | <u>527</u> |

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

| | 2019 £'000 | 2019 £'000 |
|----------------------------------|---------------|---------------|
| Basic salary | 146 | 146 |
| Other including benefits in kind | 2 | 2 |
| Pension contributions | 20 | 19 |
| | <u>168</u> | <u>167</u> |

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Governing Council, 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/Chief Executive pay and remuneration expressed as a multiple

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Principal's basic salary as a multiple of the median of all staff | 5.50 | 5.55 |
| Principal and CEO's total remuneration as a multiple of the median of all staff | 5.56 | 5.68 |

The above have been calculated by dividing the median annualised salary of all staff employed by the Group during the year (excluding agency workers and the Principal), by the annual salary of the Principal for the year.

Compensation for loss of office paid to former key management personnel

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Compensation paid to the former post-holder – contractual | - | 51 |

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

9 Other operating expenses

| | 2020 Group £'000 | 2020 College £'000 | 2019 Group £'000 | 2019 College £'000 |
|--------------------|------------------------|--------------------------|------------------------|--------------------------|
| Teaching costs | 2,165 | 1,982 | 3,066 | 2,819 |
| Non-teaching costs | 2,357 | 2,216 | 2,791 | 2,359 |
| Premises costs | 1,382 | 1,049 | 1,794 | 1,456 |
| Total | 5,904 | 5,247 | 7,651 | 6,634 |

Other operating expenses include:

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Auditors' remuneration: | | |
| Financial statements audit* | 34 | 33 |
| Internal audit** | 25 | 16 |
| Other services provided by the financial statements auditor | 7 | 11 |
| Hire of assets under operating leases | 252 | 252 |

* Includes £31,000 in respect of the College

** Includes £25,000 in respect of the College

Access and Participation related costs:

| | |
|-------------------------|------------|
| Access Investment | 258 |
| Financial Support | 50 |
| Disability Support | 32 |
| Research and Evaluation | 191 |
| | <u>531</u> |

As 2020 is the first year of disclosure, no comparatives are provided for 2019.

The College's Access and Participation Plan can be found at - https://www.chesterfield.ac.uk/knowledge-base/higher-education-access-and-participation-plan-2020-21_2024-25/.

10 Interest and other finance costs – Group and College

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| On bank loans, overdrafts and other loans: | 120 | 118 |
| | <u>120</u> | <u>118</u> |
| On finance leases | 136 | 92 |
| Net interest on defined pension liability (note 19) | 435 | 291 |
| Total | 691 | 501 |

11 Taxation – Group only

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| United Kingdom corporation tax at 19 per cent | - | - |
| Provision for deferred corporation tax in the accounts of the subsidiary company | - | (42) |
| Total | - | (42) |

The members do not believe that the college was liable for any corporation tax arising out of its activities during either year.

12 Tangible fixed assets (Group)

| | Freehold Land and Buildings | Equipment | Assets in the course of construction | Total |
|---------------------------------------|-----------------------------------|--------------|---|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | |
| At 1 August 2019 | 27,823 | 7,691 | 202 | 35,716 |
| Additions | 197 | 322 | 229 | 748 |
| Disposals | - | (2,607) | - | (2,607) |
| Cost transfer | 123 | 79 | (202) | - |
| At 31 July 2020 | 28,143 | 5,485 | 229 | 33,857 |
| Depreciation | | | | |
| At 1 August 2019 | 7,119 | 5,435 | - | 12,554 |
| Charge for the year | 644 | 726 | - | 1,370 |
| Elimination in respect of disposals | - | (2,594) | - | (2,594) |
| At 31 July 2020 | 7,763 | 3,567 | - | 11,330 |
| Net book value at 31 July 2020 | 20,380 | 1,918 | 229 | 22,527 |
| Net book value at 31 July 2019 | 20,704 | 2,256 | 202 | 23,162 |

12 Tangible fixed assets (College only)

| | Freehold Land and buildings | Equipment | Assets in the course of construction | Total |
|---------------------------------------|--------------------------------|--------------|--|---------------|
| | £'000 | £'000 | | £'000 |
| Cost or valuation | | | | |
| At 1 August 2019 | 27,680 | 7,153 | 202 | 35,035 |
| Additions | 197 | 275 | 229 | 701 |
| Disposals | - | (2,577) | - | (2,577) |
| Cost transfer | 123 | 79 | (202) | - |
| At 31 July 2020 | 28,000 | 4,930 | 229 | 33,159 |
| Depreciation | | | | |
| At 1 August 2019 | 7,019 | 5,030 | - | 12,049 |
| Charge for the year | 635 | 657 | - | 1,292 |
| Elimination in respect of disposals | - | (2,571) | - | (2,571) |
| At 31 July 2020 | 7,654 | 3,116 | - | 10,770 |
| Net book value at 31 July 2020 | 20,346 | 1,814 | 229 | 22,389 |
| Net book value at 31 July 2019 | 20,661 | 2,123 | 202 | 22,986 |

The net book value of equipment includes an amount of £1,010,000 (2019: £1,018,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £253,000 (2019: £141,000).

13 Intangible fixed assets (Group)

| | Goodwill £'000 |
|--|-------------------|
| Cost or valuation | |
| At 1 August 2019 | 1,036 |
| Additions | - |
| At 31 July 2020 | 1,036 |
| Amortisation | |
| At 1 August 2019 | 503 |
| Amortisation charge for the year | 38 |
| Impairment charge for the year | 28 |
| At 31 July 2020 | 569 |
| Carrying amount at 31 July 2020 | 467 |
| Carrying amount at 31 July 2019 | 533 |

14 Non-current investments

| | College 2020 £'000 | College 2019 £'000 |
|-------------------------------------|--------------------------|--------------------------|
| Investments in subsidiary companies | 1,000 | 1,000 |
| Total | 1,000 | 1,000 |

The college owns 100% of the issued ordinary £1 shares of Training Services 2000 Limited, a company incorporated in England and Wales. The principal business activity of the company is that of a training provider.

The college owns 100% of the issued ordinary £1 shares of Recruit Unlimited Limited, a company incorporated in England and Wales. The principal business activity of the company is that of a recruitment business.

The college owns 100% of the issued ordinary £1 shares of Learning Unlimited ATA Limited, a company incorporated in England and Wales. The principal business activity of the company is that of an apprenticeship training agency.

The college owns 100% of the issued ordinary £1 shares of Chesterfield College Enterprises Limited, a company incorporated in England and Wales. The principal business activity of the company is that of running licensed restaurants.

15 Trade and other receivables

| | Group 2020 £'000 | College 2020 £'000 | Group 2019 £'000 | College 2019 £'000 |
|--------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Amounts falling due after one year: | | | | |
| Prepayments | 1,947 | 1,947 | 2,042 | 2,042 |
| Amounts falling due within one year: | | | | |
| Trade receivables | 366 | 321 | 632 | 298 |
| Amounts owed by group undertakings: | | | | |
| Subsidiary undertakings | - | 808 | - | 1,429 |
| Prepayments and accrued income | 732 | 633 | 1,080 | 853 |
| Amounts owed by the ESFA | 2,399 | 1,691 | 2,253 | 1,524 |
| Total | 3,497 | 3,453 | 3,965 | 4,104 |

16 Creditors: amounts falling due within one year

| | Group | College | Group | College |
|---|--------------|----------------|--------------|----------------|
| | 2020 | 2020 | 2019 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts | 221 | 221 | 3,870 | 3,870 |
| Obligations under finance leases | 418 | 418 | 338 | 338 |
| Trade payables | 724 | 636 | 595 | 515 |
| Other taxation and social security | 464 | 298 | 539 | 342 |
| Accruals and deferred income | 671 | 619 | 933 | 902 |
| Holiday pay accrual | 59 | 59 | 27 | 27 |
| Deferred income - government capital grants | 198 | 198 | 210 | 210 |
| Deferred income - government revenue grants | 9 | 9 | 1 | 1 |
| Amounts owed to the ESFA | 34 | 30 | 546 | 506 |
| Other creditors | 558 | 491 | 238 | 228 |
| Total | 3,356 | 2,979 | 7,297 | 6,939 |

17 Creditors: amounts falling due after one year

| | Group | College | Group | College |
|---|--------------|----------------|--------------|----------------|
| | 2020 | 2020 | 2019 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans | 3,542 | 3,542 | - | - |
| Obligations under finance leases | 359 | 359 | 667 | 667 |
| Deferred income - government capital grants | 4,530 | 4,530 | 4,984 | 4,984 |
| Total | 8,431 | 8,431 | 5,651 | 5,651 |

18 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

| | Group 2020 £'000 | College 2020 £'000 | Group 2019 £'000 | College 2019 £'000 |
|----------------------------|------------------------|--------------------------|------------------------|--------------------------|
| In one year or less | 221 | 221 | 3,870 | 3,870 |
| Between one and two years | 221 | 221 | - | - |
| Between two and five years | 663 | 663 | - | - |
| In five years or more | 2,658 | 2,658 | - | - |
| Total | 3,763 | 3,763 | 3,870 | 3,870 |

A bank loan at 2.10 per cent over base rate repayable by instalments falling due between 25 July 2018 and 24 July 2037 totalling £4,300,000, is secured on a portion of the freehold land and buildings of the college.

At 31 July 2019, the college were in breach of one of the lending covenants associated with its bank borrowings. Accordingly, in line with the requirements of accounting standards, the college reclassified the debt as repayable on demand in the previous year. Subsequent to the year end Barclays Bank formally waived the right to take any action under this breach.

Due to Covid-19 the college felt there was going to be significant cash flow issues during quarter 4 of trading, so the college successfully negotiated a capital repayment holiday and a revision to the bank covenants held with Barclays to ensure the college maintained a compliant position. These renegotiated covenants were achieved and the college maintained a compliant position. The current year classification of debt reflects revised repayment terms due to the capital repayment holiday and the compliant position as at 31 July 2020.

(b) Finance leases

The net finance lease obligations to which the institution is committed are:

| | Group 2020 £'000 | College 2020 £'000 | Group 2019 £'000 | College 2019 £'000 |
|----------------------------|------------------------|--------------------------|------------------------|--------------------------|
| In one year or less | 418 | 418 | 338 | 338 |
| Between two and five years | 359 | 359 | 667 | 667 |
| In five years or more | - | - | - | - |
| Total | 777 | 777 | 1,005 | 1,005 |

Finance lease obligations are secured on the assets to which they relate.

19 Provisions (Group and College)

| | Defined benefit obligations | Other | Total |
|------------------------|-----------------------------|----------|---------------|
| | £'000 | £'000 | £'000 |
| At 1 August 2019 | 19,608 | - | 19,608 |
| Credits in the period | 5,424 | - | 5,424 |
| At 31 July 2020 | 25,032 | - | 25,032 |

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 22.

20 Analysis of changes in net debt

| | At 1 August 2019 | Cash flows | Other changes | At 31 July 2020 |
|--|------------------|------------|---------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 2,640 | (134) | - | 2,506 |
| Bank loans – short term | (3,870) | (6) | 3,655 | (221) |
| Bank loans – long term | - | 113 | (3,655) | (3,542) |
| Finance lease obligations – short term | (338) | (80) | - | (418) |
| Finance lease obligations – long term | (667) | 308 | - | (359) |
| Total | (2,235) | 201 | - | (2,034) |

Other changes in respect of bank loans relate to the reclassification of debt in the previous financial year, see note 18 for further information.

21 Lease obligations

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

| | Group and College | |
|---|-------------------|--------------|
| | 2020 | 2019 |
| | £'000 | £'000 |
| Future minimum lease payments due | | |
| Land and buildings | | |
| Not later than one year | 245 | 245 |
| Later than one year and not later than five years | 770 | 865 |
| Later than five years | - | 138 |
| | <u>1,015</u> | <u>1,248</u> |
| Other | | |
| Not later than one year | 7 | 7 |
| Later than one year and not later than five years | - | 1 |
| Later than five years | - | - |
| | <u>7</u> | <u>8</u> |
| Total lease payments due | 1,022 | 1,256 |

22 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 Derbyshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2016 and of the LGPS 31 March 2019.

| Total pension cost for the year | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Teachers' Pension Scheme: contributions paid | 1,112 | 771 |
| Local Government Pension Scheme: | | |
| Contributions paid | 1,079 | 994 |
| FRS 102 (28) charge | 2,107 | 1,559 |
| Charge to the Statement of Comprehensive Income | 3,186 | 2,553 |
| Enhanced pension charge to Statement of Comprehensive Income | - | - |
| Total Pension Cost for Year within staff costs | 4,298 | 3,324 |

Teachers' Pension Scheme

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

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

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

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19). The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £1,112,000 (2019: £771,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Derbyshire County Council Local Authority. The total contributions made for the year ended 31 July 2020 were £1,513,000, of which employer's contributions totalled £1,079,000 and employees' contributions totalled £434,000. The agreed contribution rates for future years are 15% to 17.6% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

| | At 31 July 2020 | At 31 July 2019 |
|--------------------------------------|----------------------------|----------------------------|
| Rate of increase in salaries | 1.0% | 2.9% |
| Future pensions increases | 2.1% | 2.4% |
| Discount rate for scheme liabilities | 1.4% | 2.1% |
| Inflation assumption (CPI) | 2.1% | 2.4% |
| Commutation of pensions to lump sums | 50% | 50% |

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

| | At 31 July 2020 Years | At 31 July 2019 Years |
|------------------------------------|--------------------------------------|--------------------------------------|
| <i>Retiring today</i> | | |
| Males | 21.6 | 21.9 |
| Females | 23.7 | 24.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.6 | 23.9 |
| Females | 25.1 | 26.5 |

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

| | Fair Value at 31 July 2020 | Fair Value at 31 July 2019 |
|--|-------------------------------|-------------------------------|
| | £'000 | £'000 |
| Equity instruments | 24,657 | 26,377 |
| Bonds | 9,702 | 9,785 |
| Property | 3,234 | 3,404 |
| Cash | 2,830 | 2,978 |
| Total fair value of plan assets | 40,423 | 42,544 |

The amount included in the balance sheet in respect of the defined benefit pension plan [and enhanced pensions benefits] is as follows:

| | 2020 | 2019 |
|-----------------------------------|-----------------|-----------------|
| | £'000 | £'000 |
| Fair value of plan assets | 40,423 | 42,544 |
| Present value of plan liabilities | (65,455) | (62,152) |
| Net pensions liability | (25,032) | (19,608) |

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

| | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Amounts included in staff costs | | |
| Current service cost | 3,186 | 2,326 |
| Past service cost | - | 227 |
| Total | 3,186 | 2,553 |

Amounts included in interest and other finance costs

| | | |
|-------------------|------------|------------|
| Net interest cost | 435 | 291 |
| | 435 | 291 |

Amount recognised in Other Comprehensive Income

| | | |
|---|----------------|----------------|
| Return on pension plan assets | (3,461) | 1,364 |
| Experience losses arising on defined benefit obligations | 2,202 | - |
| Changes in assumptions underlying the present value of plan liabilities | (1,623) | (9,516) |
| Amount recognised in Other Comprehensive Income | (2,882) | (8,152) |

Movement in net defined benefit liability during year

| | 2020 | 2019 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Net defined benefit liability in scheme at 1 August | (19,608) | (9,606) |
| Movement in year: | | |
| Current service cost | (3,186) | (2,326) |
| Employer contributions | 1,079 | 994 |
| Past service cost | - | (227) |
| Net interest on the defined liability | (435) | (291) |
| Actuarial gain or loss | (2,882) | (8,152) |
| Net defined benefit liability at 31 July | (25,032) | (19,608) |

Asset and Liability Reconciliation

| | 2020 | 2019 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at start of period | 62,152 | 49,125 |
| Current service cost | 3,186 | 2,326 |
| Interest cost | 1,335 | 1,404 |
| Contributions by Scheme participants | 434 | 422 |
| Experience gains and losses on defined benefit obligations | (2,202) | - |
| Changes in financial assumptions | 3,928 | 9,516 |
| Changes in demographic assumptions | (2,305) | - |
| Estimated benefits paid | (1,073) | (868) |
| Past Service cost | - | 227 |
| Defined benefit obligations at end of period | 65,455 | 62,152 |
| Changes in fair value of plan assets | | |
| Fair value of plan assets at start of period | 42,544 | 39,519 |
| Interest on plan assets | 900 | 1,113 |
| Return on plan assets | (3,461) | 1,364 |
| Employer contributions | 1,079 | 994 |
| Contributions by Scheme participants | 434 | 422 |
| Estimated benefits paid | (1,073) | (868) |
| Fair value of plan assets at end of period | 40,423 | 42,544 |

These accounts show a past service cost of £nil in respect of the McCloud judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision equates to 0% of the total scheme liability as at 31 March 2019.

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.

23 Related party transactions

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

The total expenses paid to or on behalf of the members during the year was £627; 3 members (2019: £2,030; 4 members). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending meetings and charity events in their official capacity.

No member has received any remuneration or waived payments from the college or its subsidiaries during the year (2019: None).

Learning Curve Group Limited – a limited company in which the Chair is a Director.

Purchase transactions in the year amounted to £9,985 (2019: £5,040). The balance outstanding at the year end was £2,485 (2019: £nil).

David Napier Academy Trust – a trust in which the Principal is Vice Chair.

Sales transactions in the year amounted to £12,720 (2019: £3,600). There were no balances outstanding at the year end (2019: £nil).

24 Amounts disbursed as agent

Learner support funds

| | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| 16-18 bursary grants | 468 | 521 |
| Other funding council grants | 70 | 57 |
| Interest earned | - | - |
| | <hr/> 538 | <hr/> 578 |
| Disbursed to students | (505) | (312) |
| Administration costs | (23) | (26) |
| Amounts consolidated in the financial statements | - | - |
| | <hr/> 10 | <hr/> 240 |

Funding council grants are available solely for students. In the majority of instances, the college only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.