



St Helens College



St Helens College

# Report and Financial Statements

for the year ended  
31 July 2020

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## **Key Management Personnel, Board of Governors and Professional Advisers**

### **Key management personnel**

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2019/20 and up until the date of this report:

Monica Box, Interim Principal and Chief Executive Officer; Accounting Officer (resigned 31 July 2020)

Simon Pierce, Principal and Chief Executive Officer; Accounting Officer (appointed 1 August 2020)

Rob Molloy, Chief Financial Officer (resigned 31 October 2019)

Richard Allanach, Interim Chief Finance Officer (appointed 19 September 2019, resigned 31 July 2020)

Rav Garcha, Deputy CEO and Chief Finance Officer (appointed 1 June 2020)

Mark Doyle, Deputy Principal

### **Board of Governors**

A full list of Governors is provided on pages 14 - 17 of these financial statements.

Mrs Lorna Lloyd-Williams, Director of Governance, acted as Clerk to the Corporation throughout the year.

### **Registered Office:**

Water Street,  
St Helens, WA10 1PP

### **Principal Professional advisers:**

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

RSM UK Audit LLP  
Bluebell House, Brian Johnson Way,  
Preston, Lancashire, PR2 5PE

#### **Internal auditors:**

ICCA Education Training and Skills  
11th Floor, McLaren House,  
46 Priory Queensway,  
Birmingham, B4 7LR

#### **Bankers:**

Lloyds Bank  
13/15 Hardshaw Street  
St Helens, WA10 1QZ

#### **Legal Advisors:**

Eversheds Sutherland (International) LLP  
Eversheds House, 70 Great Bridgewater Street  
Manchester, M1 5ES

## **Strategic Report**

### **Overview**

St Helens College plays an important role in the lives of thousands of individuals who choose to come to us for their education and training needs. The College is particularly strong in the vocational training provision that it offers at its well-resourced sites throughout Knowsley and St Helens. The College does particularly well in attracting many hundreds of students onto its construction courses and the health and social care provision is also popular. There are over 550 students attending St Helens College for their higher education with BA Hons Game Art proving particularly popular. During the last year there were over 800 apprentices in-learning and overall achievement rates are expected to reach 73%.

Not surprisingly, the pandemic had a profound impact on College operations; however, the College was able to support the needs of our learners by switching to a remote delivery model. During lockdown, we adopted a range of approaches to remote delivery, e.g. 'live' lessons on Microsoft Teams, using the VLE, Teams and other platforms to send students work, receive work back from students and provide them with feedback. The Quality Improvement Team carried out 'remote learning walks' through which they checked planning for online delivery, quality checked online learning resources and surveyed students to get feedback about the remote learning experience. Whilst, it was a huge task to switch seamlessly to an online platform it was on the whole a success and enabled our learners to complete their studies. The College supported learners who had limited access to IT to ensure their learning was not adversely affected by the pandemic. Significant support was also provided to staff to ensure they were coping with remote working.

The College is still under a Notice to Improve and is working towards a new strategy that will ensure quality is improved, its estate enhanced and finances sustainable for the longer term. It will continue to work with the LCRC, local authorities and other stakeholders to ensure its curriculum offer meets the needs of the region and contributes to the national skills agenda.

### **Legal status**

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

The Corporation was incorporated as St Helens College of Arts and Technology. On 1 October 2001, the Secretary of State granted consent to the Corporation to change the College's name to St Helens College.

The College merged with Knowsley Community College on 12<sup>th</sup> December 2017. The legal status and name of St Helens College remained post-merger, with Knowsley Community College dissolving into St Helens College.

On 1<sup>st</sup> April 2019 St Helens College acquired Waterside Training Limited, a specialist industrial training provider.

## **Mission**

The College Mission Statement is “Transforming lives through excellence in education and training” and is underpinned by the Statement of Aims:

1. to make a leading contribution to the welfare and economic development of our local communities, the Liverpool City Region by developing the curriculum and skills needed by employers and individuals;
2. to provide good value for taxpayers’ money ensuring high quality education and training while ensuring strong financial health;
3. to be an inclusive College Group where each individual is respected, valued and safeguarded as part of an enjoyable, supportive and caring learning and working environment;
4. to ensure high levels of professionalism, integrity, strong work ethics, teamwork and innovation;
5. to ensure successful education, training and personal, social, moral, cultural and spiritual development and welfare for students ensuring that they are well prepared for life and work in Britain today;
6. to build students’ confidence and employability skills, including English and maths, ensuring progression to further study or sustainable employment;
7. to achieve consistently high customer satisfaction from students, parents, employers and other stakeholders;
8. to provide leadership for local education and training partnerships.

## **Public Benefit**

St Helens College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education (previously the Secretary of State for Business, Innovation and Skills) as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 10.

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. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 9,200 students, including 100 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to over 800 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

The College’s Public Value Statement is below:

## **Public Value Statement (PVS)**

The College seeks to add value to the social, economic and physical well-being of the communities that we serve by:

1. providing education and training in accordance with the College's mission, statement of aims and values which maximise the life and job prospects of the individuals and meet the needs of the employers and the communities in general;
2. raising aspirations of individuals and the communities by promoting prospects and celebrating success;
3. ensuring a broad curriculum offer with good progression routes from entry level;
4. promoting healthy life styles and good citizenship skills to all students and colleagues;
5. being responsive to the changing needs and circumstances;
6. actively listening to and engaging with the stakeholders of the College aiming to provide the best possible service;
7. being a respectful and responsible employer;
8. always acting with corporate integrity.

## **Stakeholder Relationships**

In line with other colleges and with universities, St Helens College has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by face to face meetings.

## **FINANCIAL POSITION**

### **Financial results**

The Group incurred a deficit before other gains and losses in the year of £3.1m (2018/19 – deficit of £3.0m). The deficit before FRS102 pension adjustments was £1.2m (2018/19 – deficit of £1.8m). The income has fallen by £2.1m compared to 2018/19 primarily due to large falls in ESFA 16-19 funding (£14.0m to £13.2m), Apprentices (£2.7m to £2.4m), Higher Education fees (£3.2m to £2.8m) and

Adult education fees (£1.0m to £0.7m), as well as the loss of approximately £0.3m of commercial income as a result of Covid-19. Though Staff costs (before FRS102 pension adjustments) have reduced by £1.0m from £20.4m to £19.4m and Other operating expenses reduced by £1.3m from £9.9m to £8.6m this has not been sufficient to bring the Group into surplus. Staff costs have fallen due to a reduction in staff numbers, whilst Other operating expenses have fallen primarily from a reduced use of subcontractors (£1.5m to £0.9m) and net savings of an estimated £0.4m following the closure of the campuses due to Covid-19.

Total comprehensive income was a deficit of £6.8m (2018/19 – deficit of £17.6m). This includes an actuarial loss of £3.8m (2018/19 – loss of £14.5m) on revaluation of the Government pension scheme.

The Group sold a site in Kirkby for £2m realising a gain on sale of £0.1m. The Group has currently leased back the site, until it locates and refurbishes a new building in the centre of Kirkby, which will better meet the needs of its students.

The Group has an accumulated reserve deficit at 31 July 2020 of £23.9m, which includes a cash balance of £0.9m, net current liabilities of £3.6m and a defined benefit pension liability of £38.8m.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019/20 the FE funding bodies provided 75% of the Group's total income (2018/19 71%).

The College has two subsidiary companies, Waterside Training Limited and Skills Northwest Limited. Waterside Training Limited, a specialist industrial training provider is 89% owned by the College. In the year to 31 July 2020 (the first full year of ownership by the College) its turnover was £1,347k and it made an operating surplus of £58k, which was after a gift aid payment of £225k to the College. It has net assets of £117k at 31 July 2020. Skills Northwest Limited is a dormant company.

### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and compliance with the requirements of the Financial Regulations.

The Group has no plans to increase its borrowings and is confident it can continue to pay its obligations as per the loan agreements.

## **Cash flows and liquidity**

Net cash flow from operating activities was an increase of £0.3m (2018/19 decrease of £0.7m). The increase from the prior year reflects the improvement in operating performance before FRS102 pension adjustments.

During the year the Group sold a property for £2m, the proceeds of which were used to pay off a variable bank loan of £1.0m and the remaining £1.0m being utilised to pay down fixed rate bank loans.

During the 2019/20 year the College secured a bank overdraft facility of £600k to support its cash flow through March and April 2020. The overdraft facility ended at 30 April 2020.

The Group's cash flow was not negatively impacted as a result of Covid-19 in the year to 31 July 2020. Though, approximately £300k of commercial and other income was lost and £100k of exceptional Covid costs incurred this was offset by the receipt of £284k in Job Retention Scheme and the ESFA provider relief scheme grants, whilst savings on premises, student travel and other services saved £500k.

The size of the Group's total borrowing and its approach to interest rates has been calculated to try and ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. This was not achieved during 2019/20 with £440k of interest being paid and the operating cash flow being £320k but the Group fully expects this position to improve substantially in 2020/21.

## **FUTURE DEVELOPMENTS AND PROSPECTS**

The College has experienced a difficult period post-merger. However, the position has now stabilised following a root and branch review of all operations. This has resulted in a bottom-up approach to budgeting and a prudent assessment of future prospects. The next few months will see a new strategic financial recovery plan being agreed and put into action. The outcome of the new plan will be to deliver a robust financial position and good financial health by July 2022.

## **Reserves**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of the 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 deficit stands at £23.9m (2019: deficit £17.1m) which includes a deferred capital grant of £36.6m and pension liability of £38.8m. The Group has no restricted reserves at the 31 July 2020 (2019 £nil). It is the Group's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

## **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. College standard policy is to pay invoices by the end of the month following the receipt of the invoice. As a result of very tight cash flow from January to April 2020, the College did not always comply with these terms and so during the year 1 August 2019 to 31 July 2020, the College only paid



approximately 85% of its invoices in accordance with its policy. The College incurred some small interest charges of £753 in respect of late payment for the year.

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

Simon Pierce was appointed Chief Executive Officer and Principal with effect from 1<sup>st</sup> August 2020.

### **RESOURCES**

The Group employed an average of 571 staff during 2019/20 of whom 299 were teaching staff.

The Group enrolled approximately 9,200 students. The student population included 2,550 14 to 18 year old students, 3,900 funded adult learners, 1,400 fee paying adults, 800 apprentices and 550 higher education students.

The College has £23.9m (2019: £17.1m) of net liabilities including £38.8m (2019: £33.1m) pension liabilities, £36.6m (2019: £37.8m) of deferred capital grants and long term debt of £7.4m (2019: £9.0m).

Tangible resources include a main campus at both St Helens town centre and in Knowsley as well as a technology centre in both locations and 4 other sites. The technology centre in St Helens is currently undertaking a £0.5m refurbishment.

The College has a good reputation locally and nationally. In its latest Ofsted inspection in January 2020 it was rated Requires Improvement, with a rating of Good for its Adult Learning Programmes. The College is working towards an overall Good rating in its next inspection. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. This work included a review and redesign of the College's risk management policy, procedures and risk register to implement best practice.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A 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.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. These are the significant risks identified by the risk management group as having the highest net risk score. The net risk score is calculated taking into college actions to mitigate risk. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Four of these risks are financial:

- That we fail to achieve our income targets. In the risk register 16-18 funding, adult funding high needs element 3, apprenticeships and higher education are all separately captured and mitigations put in place to reduce the managed risk.
- A failure to comply with NTI and FEC recommendations and requirements is also a risk that the College will need to manage. It does this by ensuring management information is prepared on a timely basis and scrutinised frequently. The key requirement is for an updated financial recovery plan and this is in the process of being completed.
- That class sizes are too low and staffing budgets overspent. These are two separate risks but are closely related. Low class sizes will result in increased number of groups and therefore inefficient curriculum delivery. Whilst, not utilising staff and improving the rate of utilisation will mean additional staffing cost is incurred. By putting in place timely and accurate reporting early intervention can be taken to ensure groups are merged where possible and where possible staff fully deployed before any new posts are considered.
- COVID 19 has had a dramatic impact on the world and therefore not surprisingly the College. During the first national lockdown the College was able to mitigate risk by quickly adapting and introducing remote learning via Teams. Furthermore, a number of staff who worked in commercial operations were furloughed and along with other Government measures the College was able to operate with limited impact on its finances. Going forward the College remains vigilant managing cases of the virus almost on a daily basis. A number of measures have been put in place to manage risk including significant expenditure on PPE, hand sanitisers, re-arranging of space to ensure social distancing rules can be easily observed as well as frequent messaging on the importance of washing hands, using facial coverings and maintaining space. The College has also invested significant sums in the purchase of additional IT equipment to ensure all students and staff who are required to self-isolate can continue to participate in learning. The risk of COVID 19 and its effect on College operations is expected to continue throughout the next academic year but the measures that have been put in place will ensure the risk is contained.

Risks relating to quality include the following:

- The College fails to achieve a Good outcome in the next Inspection. Under the leadership of the Deputy Principal, self-assessment is embedded in all curriculum areas, monitored by peer review panels. There a number of other measures to ensure this risk is negated.
- Quality of curriculum is judged to be inadequate. This risk is mitigated through a quality improvement plan and target setting embedded at programme level. Progress is regularly appraised by the Quality and Outcomes Committee.

- Poor data quality and/or late returns leading to possible audit or inspection and potential funding clawback or performance downgrading. The risk is managed by ensuring procedures are put in place deadlines shared and overseen through a SLT matrix.

## KEY PERFORMANCE INDICATORS

The Group's key performance indicators, targets and results are set out below.

Key Performance Indicator	Target per Recovery Plan 2019	Actual for 2019/20	Target for 2020/21
ESFA Financial Health Check	Requires Improvement	Inadequate	Requires Improvement
Bank Covenant Measures (9)	All achieved	All achieved	All achieved
EBITDA/Income %	5.5%	1.5%	6.0%
Staff Costs/Income % <sup>1</sup>	65.6%	67.2%	65.0%
Student Attendance %	90%	88%	90%
Average Class Size	16	15	16

<sup>1</sup>includes sub-contractor costs but excludes employer pension revaluation costs

## GOING CONCERN

The financial statements have been prepared on a going concern basis and though the Group's financial position has not been strong over the previous 12 months, and there are inherent uncertainties arising from the ongoing Covid-19 crisis, the Governors and Senior Management Team believe this is appropriate.

Cash flow forecasts have been prepared for the period through to July 2022, both on a conservative and pessimistic basis, incorporating potential risks to funding income, other income streams and costs. These forecasts indicate that even at cash low points the Group will continue to have sufficient cash to be able to continue to trade.

Covid-19 has not as yet had a material impact on the Group's finances. Though there has been some impact on adult learners who fund their courses via loans and additional costs of Covid-19 related personal protection equipment this has largely been offset by cost savings in staffing and other overheads that the Group has been able to undertake.

The Group is actively developing a plan to improve underlying financial performance. This will include the preparation of a strategic financial recovery plan, an updated curriculum plan as well as an estates strategy.

Therefore, the Corporation, based on a review of the cash forecasts prepared, are confident the Group will be able to continue to trade, and also that there will be no breaches of the Bank's covenants.

## **EQUALITY AND DIVERSITY**

### **Equality**

The Group 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 Group's Equality Policy is published on the Group's Intranet site.

The Group undertakes to publish an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Group 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 Group is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The Group 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 Group continues. The Group'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 Group has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The Group has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The Group 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 Group seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the Group updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
- b) The Group has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the Group 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 Group charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The Group 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 Group prospectuses, and achievements and destinations are recorded and published in the standard Group format.
- g) Counselling and welfare services are described in the Group 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 union officials during the relevant period	FTE employee number
4	4

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

Total cost of facility time	£9k
Total pay bill £000	£21,104k
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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**Disclosure of information to auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group’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 Group’s auditors are aware of that information.

**Approved by order of the members of the Corporation on 10<sup>th</sup> December 2020 and signed on its behalf by:**



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**Susan Jee**

**Chair**

## Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code except that some governors may serve more than two terms in exceptional circumstances. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with 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 was adopted by the merged college on the 17<sup>th</sup> May 2018.

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

## The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

	<b>Date of Appointment</b>	<b>Term of office</b>	<b>Date of resignation</b>	<b>Status of appointment</b>	<b>Committees served</b>	<b>Attendance*</b>
Elaine Brocklehurst	1998 – 2022 (in six 4 year terms)	24 years	n/a	Joint Vice-Chair  External Governor	Finance, Resources & Curriculum; Quality & outcomes (Chair); Strategic Curriculum Planning, Performance & remuneration; HE committee	9 out of 9 scheduled GB meetings
Susan Jee	2009 – 2021 (in three 4 year terms)	12 years	n/a	Chair (from March 2017)  External Governor	Finance, Resources & Curriculum (Chair); Performance and remuneration; Search and Governance Chair)	8 out of 9 scheduled GB meetings
Jim Pinsent	2015-2019  2019-2023  Reappointed for a second term 19 <sup>th</sup> September 2019	8 years	n/a	Joint Vice-Chair  External Governor	Finance, Resources & Curriculum ; Performance and Remuneration (Chair); Search and Governance	8 out of 9 scheduled GB meetings
Keith Sanderson	2013 – 2017 2017 – 2021	8 years	n/a	External Governor	Finance, Resources & Commercial	9 out of 9 scheduled GB meetings



	<b>Date of Appointment</b>	<b>Term of office</b>	<b>Date of resignation</b>	<b>Status of appointment</b>	<b>Committees served</b>	<b>Attendance*</b>
Nick Shore	2017 – 2021	4 years	n/a	External Governor	Performance & remuneration, Finance Resources & Commercial	4 out of 9 scheduled GB meetings
Julie Heap	2016-2024 (in two 4 year terms)	8 years	n/a	Staff Governor	Quality & Outcomes	9 out of 9 scheduled GB meetings
Benjamin Bennett- Stanley	2016-2024 (in two 4 year terms)	8 years	n/a	Staff Governor	Strategic Curriculum Planning, HE committee	8 out of 9 scheduled GB meetings
Philip Han	2018-2022	4 years	n/a	External Governor	Finance, Resources & Commercial  (Chair)	9 out of 9 scheduled GB meeting
Alison Cannon	2018-2022	4 years	n/a	External Governor	Audit Search & Governance	6 out of 9 scheduled Gb meetings
Clare Russell	November 2018 – November 2022	4 years	May 2020	External Governor	Quality & outcomes and Strategic curriculum Planning  HE committee	3 out of 5 possible scheduled GB meetings
Matt Trinder	01/12/18	4 years	December 2019	External Governor	Quality & outcomes and Strategic curriculum Planning	1 out of 2 possible scheduled GB meetings

	<b>Date of Appointment</b>	<b>Term of office</b>	<b>Date of resignation</b>	<b>Status of appointment</b>	<b>Committees served</b>	<b>Attendance*</b>
John Heritage	March 2019	4 years	n/a On leave of absence May – August 2020	External Governor	HE committee Audit	5 out of 7 possible scheduled GB meetings
Debbie Calderbank	May 2019	4 years	n/a	External Governor	Audit (Chair)	8 out of 9 scheduled GB meetings
Sophie Littlewood	February 2020	4 years	n/a	External Governor	Quality & Outcomes	4 out of 5 possible scheduled GB meetings
David Balsamo	February 2020	4 years	n/a	External Governor	HE (Chair)	5 out of 5 possible scheduled GB meetings
Liz Duncan	May 2020	4 years	n/a	External Governor	Quality & Outcomes	1 out of 3 possible scheduled GB meetings
Hannah Overmire	December 2019-July 2020	n/a	July 2020	Student Governor	none	3 out of 5 scheduled GB meetings
David Collum-Marsh	August 2020 – July 2021	1 year	n/a	Student Governor	none	0 out of 0 scheduled meetings
Kersha Mansfield	August 2020 – July 2021	1 year	n/a	Student Governor	none	0 out of 0 scheduled meetings

	<b>Date of Appointment</b>	<b>Term of office</b>	<b>Date of resignation</b>	<b>Status of appointment</b>	<b>Committees served</b>	<b>Attendance*</b>
Monica Box Interim Principal	April 2019	n/a	31 July 2020	Ex-officio Interim Principal	Finance, Resources & Commercial; Quality & Outcomes; Search and Governance; Strategic Curriculum planning	7 out of 7 scheduled GB meetings
Simon Pierce Principal	August 2020	n/a	n/a	Ex-officio Principal	Finance, Resources & Commercial; Quality & Outcomes; Search and Governance;	2 out of 2 possible scheduled GB meetings

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance Resources and Commercial, Quality & Outcomes, Strategic Curriculum Planning, Performance & Remuneration, Search & Governance, HE and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.sthelens.ac.uk](http://www.sthelens.ac.uk) or from the Director of Governance at:

St Helens College  
Water Street  
St Helens  
WA10 1PP

The Director of Governance 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 Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance 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 Chairman and Accounting Officer are separate.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of three members of the Corporation and the Principal who is also a Governor, 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 in the process of undertaking self-assessment for the academic year 19/20 and will also finalise a governance quality improvement plan which will be submitted to the Corporation for approval and will include any outstanding actions from the governance quality improvement plan for 2019/20. The Corporation through its Search & Governance committee will monitor progress against these items during 2020/21.

### **Remuneration Committee**

Throughout the year ending 31 July 2020 the College's Performance and Remuneration Committee comprised four 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. The Corporation adopted The Colleges Senior Postholder Remuneration Code in May 2019 and will be complying with the minimum requirements of this.

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 three members of the Corporation and a co-opted member (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 the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Memorandum between St Helens College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Helens 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
- the adoption of formal project management disciplines, where appropriate.

St Helens 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. This year due to the balance of advisory and compliance audits it has not been possible for the Colleges internal auditor to issue an opinion. After consideration of various sources of assurance it is the opinion of the Audit Committee that the College has adequate and effective governance, risk management and systems of internal control.

### *Review of effectiveness*

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

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

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

The Accounting Officer has been advised on the implications of the result of his 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's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

**Going concern**

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. See accounting policy section, page 36, for further detail.

**Approved by order of the members of the Corporation on 10<sup>th</sup> December 2020 and signed on its behalf by:**

.....

**Susan Jee**  
**Chair**

.....

**Simon Pierce**  
**Principal and Accounting Officer**

## **Governing Body’s statement on the College’s regularity, propriety and compliance with Funding body terms and conditions of funding**

The Corporation has considered its responsibility to notify the Education & Skills Funding Agency of material irregularity, impropriety and non-compliance with Education & Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Education & Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the Education & Skills Funding Agency.

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 College, or material non-compliance with the Education & Skills Funding Agency’s terms and conditions of funding under the College’s grant funding agreements and contracts with the Education & Skills Funding Agency, 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 Education & Skills Funding Agency.



.....

**Simon Pierce**

Accounting Officer

**Date: 10 December 2020**



.....

**Susan Jee**

Chair of Governors

**Date: 10 December 2020**



## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, with the College Accounts Direction issued by the ESFA and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the group and the parent College and the result for that year.

In preparing the group and parent College financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

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

The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the parent College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

## Statement of Responsibilities of the Members of the Corporation (continued)

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the group and parent College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 10<sup>th</sup> December 2020 and signed on its behalf by:



.....

**Susan Jee**

**Chair**

# Independent auditor's report to the Governing Body of St Helens College

## Opinion

We have audited the financial statements of St Helens College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the consolidated and college statement of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated/college statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2020 and of the Group's and the College's deficit of income over expenditure 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 group and 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors 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 other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Independent auditor's report to the Governing Body of St Helens College**

(continued)

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.

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### **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 2019 to 2020 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;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

### **Responsibilities of the Governing Body of St Helens College**

As explained more fully in the Statement of the Governing Body's Responsibilities set out on pages 23 to 24, the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing

## Independent auditor's report to the Governing Body of St Helens College

(continued)

Body 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 Governing Body 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 Governing Body either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

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

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

### Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 28 October 2020. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are engaged 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 Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.



### RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Bluebell House

Brian Johnson Way

Preston

Lancs

PR2 5PE

17 December 2020

# **Independent Reporting Accountant’s Assurance Report on Regularity to the Corporation of St Helens College and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)**

## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 28 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (“ESFA”), to obtain limited assurance about whether the expenditure disbursed and income received by St Helens College during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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.

## **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2019 to 2020 (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) returns, for which ESFA has other assurance arrangements in place.

We are independent of the St Helens College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

## **Responsibilities of Governing Body of St Helens College for regularity**

The corporation of St Helens College is responsible, under the grant funding agreements and contracts with the ESFA and 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. The corporation of St Helens College is also responsible for preparing the Governing Body’s Statement of Regularity, Propriety and Compliance.

## **Reporting accountant’s responsibilities for reporting on regularity**

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

## **Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of St Helens College and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA) (continued)**

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

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



### **RSM UK Audit LLP, Statutory Auditor**

Chartered Accountants

Bluebell House

Brian Johnson Way

Preston

Lancs

PR2 5PE

17 December 2020

# St Helens College

## Consolidated 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
<b>INCOME</b>					
Funding body grants	2	22,724	22,724	23,205	23,205
Tuition fees and education contracts	3	4,817	4,779	5,608	5,608
Other grants and contracts	4	727	698	1,361	1,361
Other income	5	2,055	1,597	2,203	1,962
Investment income	6	2	2	7	7
<b>Total income</b>		<b>30,325</b>	<b>29,800</b>	<b>32,384</b>	<b>32,143</b>
<b>EXPENDITURE</b>					
Staff costs	8	20,578	19,991	21,195	20,930
Fundamental restructure costs	8	526	526	805	805
Other operating expenses	9	8,630	8,750	9,885	9,942
Depreciation	12	2,540	2,540	2,595	2,595
Interest and other finance costs	10	1,154	1,154	935	935
<b>Total expenditure</b>		<b>33,428</b>	<b>32,961</b>	<b>35,415</b>	<b>35,207</b>
<b>Deficit before other gains and losses</b>		<b>(3,103)</b>	<b>(3,161)</b>	<b>(3,031)</b>	<b>(3,064)</b>
Profit on disposal of fixed assets		105	105	-	-
Extraordinary loss		-	-	(87)	-
Share of operating deficit in associate		-	-	(37)	-
<b>Deficit before tax</b>		<b>(2,998)</b>	<b>(3,056)</b>	<b>(3,155)</b>	<b>(3,064)</b>
Taxation	11	-	-	-	-
<b>Deficit for the year</b>		<b>(2,998)</b>	<b>(3,056)</b>	<b>(3,155)</b>	<b>(3,064)</b>
Actuarial loss in respect of pension schemes	25	(3,776)	(3,776)	(14,455)	(14,455)
<b>Total Comprehensive deficit for the year</b>		<b>(6,774)</b>	<b>(6,832)</b>	<b>(17,610)</b>	<b>(17,519)</b>

All Comprehensive Income is Unrestricted.

All items of income and expenditure relate to continuing activities.



# St Helens College

## Consolidated and College Statements of Changes in Reserves

	Income and expenditure account	Restricted reserves	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1<sup>st</sup> August 2018</b>	533	-	533
Deficit from the income and expenditure account	(3,155)	-	(3,155)
Other comprehensive deficit	(14,455)	-	(14,455)
<b>Total comprehensive deficit for the year</b>	(17,610)	-	(17,610)
<b>Balance at 31<sup>st</sup> July 2019</b>	(17,077)	-	(17,077)
Deficit from the income and expenditure account	(2,998)	-	(2,998)
Other comprehensive deficit	(3,776)	-	(3,776)
<b>Total comprehensive deficit for the year</b>	(6,774)	-	(6,774)
<b>Balance at 31<sup>st</sup> July 2020</b>	(23,851)	-	(23,851)
<b>College</b>			
<b>Balance at 1<sup>st</sup> August 2018</b>	485	-	485
Deficit from the income and expenditure account	(3,064)	-	(3,064)
Other comprehensive deficit	(14,455)	-	(14,455)
<b>Total comprehensive deficit for the year</b>	(17,519)	-	(17,519)
<b>Balance at 31<sup>st</sup> July 2019</b>	(17,034)	-	(17,034)
Deficit from the income and expenditure account	(3,056)	-	(3,056)
Other comprehensive deficit	(3,776)	-	(3,776)
<b>Total comprehensive deficit for the year</b>	(6,832)	-	(6,832)
<b>Balance at 31<sup>st</sup> July 2020</b>	(23,866)	-	(23,866)

# St Helens College

## Balance sheets as at 31<sup>st</sup> July 2020

	Notes	Group	College	Group	College
		2020	2020	2019	2019
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Tangible Fixed assets	12	61,270	61,270	65,216	65,216
Investments	13	-	141	-	141
		<b>61,270</b>	<b>61,411</b>	<b>65,216</b>	<b>65,356</b>
<b>Current assets</b>					
Stocks		36	36	50	50
Trade and other receivables	14	1,451	1,491	2,321	2,076
Cash and cash equivalents	20	933	706	1,467	1,399
		<b>2,420</b>	<b>2,233</b>	<b>3,838</b>	<b>3,525</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	( 5,997)	(5,966)	(7,589)	(7,373)
<b>Net current liabilities</b>		<b>(3,577)</b>	<b>(3,733)</b>	<b>(3,751)</b>	<b>(3,848)</b>
<b>Total assets less current liabilities</b>		<b>57,693</b>	<b>57,678</b>	<b>61,465</b>	<b>61,508</b>
Creditors – amounts falling due after more than one year	17	(42,701)	(42,701)	(45,397)	(45,397)
<b>Provisions</b>					
Defined benefit obligations	19	(38,843)	(38,843)	(33,145)	(33,145)
<b>Total net assets / (liabilities)</b>		<b>(23,851)</b>	<b>(23,866)</b>	<b>(17,077)</b>	<b>(17,034)</b>
<b>Restricted reserves</b>					
		-	-	-	-
<b>Unrestricted Reserves</b>					
Income and expenditure account		(23,851)	(23,866)	(17,077)	(17,034)
<b>Total reserves</b>		<b>(23,851)</b>	<b>(23,866)</b>	<b>(17,077)</b>	<b>(17,034)</b>

The financial statements on pages 30 to 61 were approved and authorised for issue by the Corporation on 10<sup>th</sup> December 2020 and were signed on its behalf by:



.....  
Susan Jee

Chair



.....  
Simon Pierce

Principal / Accounting Officer

# St Helens College

## Consolidated Statement of Cash Flows

	Notes	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(2,998)	(3,155)
<b>Adjustment for non-cash items</b>			
Depreciation	12	2,540	2,595
(Profit)/Loss on Sale of Fixed Assets		(105)	-
Release of Government capital grants		(1,401)	(1,469)
Decrease/(increase) in stocks		14	(10)
Decrease)/(increase) in debtors	14	870	(1,326)
(Decrease)/increase in creditors due within one year	16	(1,036)	916
Increase in creditors due after more than one year	17	76	-
Pensions costs less contributions payable	25	1,922	1,264
Share of operating deficit in associate		-	48
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(2)	(7)
Interest payable	10	440	465
Prior year fixed asset adjustment	12	-	20
<b>Net cash flow from operating activities</b>		<b>320</b>	<b>(659)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets	12	2,005	-
Capital grants received		182	-
Investment income	6	2	7
Payments made to acquire fixed assets	12	(494)	(287)
		<b>1,695</b>	<b>(280)</b>
<b>Cash flows from financing activities</b>			
Interest paid	10	(440)	(465)
Repayments of amounts borrowed	17	(2,109)	(609)
		<b>(2,549)</b>	<b>(1,074)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(534)</b>	<b>(2,013)</b>
Cash and cash equivalents at beginning of the year	20	1,467	3,480
Cash and cash equivalents at end of the year	20	933	1,467

# St Helens College

## College Statement of Cash Flows

	Notes	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(3,056)	(3,064)
<b>Adjustment for non-cash items</b>			
Depreciation	12	2,540	2,595
(Profit)/loss on sale of fixed assets		(105)	-
Release of Government capital grants		(1,401)	(1,469)
Decrease/(increase) in stocks		14	(10)
Decrease/(increase) in debtors	14	585	(1,081)
(Decrease)/increase in creditors due within one year	16	(852)	660
Increase in creditors due after more than one year	17	76	-
Pensions costs less contributions payable	25	1,922	1,264
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(2)	(7)
Interest payable	10	440	465
Prior year fixed asset adjustment	12	-	20
<b>Net cash flow from operating activities</b>		<b>161</b>	<b>(627)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets	12	2,005	-
Capital grants received		182	-
Investment income	6	2	7
Payments made to acquire fixed assets	12	(494)	(287)
Purchase of subsidiary		-	(100)
		<b>1,695</b>	<b>(380)</b>
<b>Cash flows from financing activities</b>			
Interest paid	10	(440)	(465)
Repayments of amounts borrowed	17	(2,109)	(609)
Capital element of finance lease rental payments		-	-
		<b>(2,549)</b>	<b>(1,074)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(693)</b>	<b>(2,081)</b>
Cash and cash equivalents at beginning of the year	20	1,399	3,480
Cash and cash equivalents at end of the year	20	706	1,399

# St Helens College

## Notes to the Accounts

### 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 regulatory advice 9: Accounts Direction issued by the Office For Students, 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.

#### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiaries, Skills Northwest Limited and Waterside Training 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. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July. Waterside Training Limited was an associate company until 31 March 2019. Up until this date its results are consolidated on a share of the profit or loss for the period.

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

### Going concern

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

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported a Total Comprehensive Deficit of £6,774k for the year to 31 July 2020 (2019: a Total Comprehensive Deficit of £17,610k); a decrease in cash of £534k (2019: a decrease in cash of £2,013k) and at 31 July 2020 had net liabilities of £23,851k (2019: net liabilities of £17,077k).

The net liabilities figure of £23,851k includes an estimated liability of £38,843k arising from the Group's membership of the Merseyside Local Government Superannuation Scheme and a liability of £36,586k in Government Capital Grants.

The Group currently has £7.4m of loans outstanding with bankers on 25-year loan agreements on terms negotiated in 2007.

The Group has prepared cash flow forecasts through to 31 July 2022 on a conservative basis and by applying various sensitivities. These forecasts indicate that the Group will be able to continue to trade for the foreseeable future and that it will be able to operate within its existing bank covenants.

Accordingly, the Governors believe it is appropriate to continue to adopt the going concern basis in the preparation of 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 or over achievement for the Adult Skills 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 learner-responsive funding is not normally 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.

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

Grants (including research grants) from non-government sources are recognised in income when the Group 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 method as permitted by FRS 102. Other capital grants are recognised in income when the Group 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 to which it is attributable with any fees not received disclosed as accrued income and any fees received in advance disclosed as deferred income in the balance sheet.

### *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.

## **Accounting for post-employment benefits**

Post-employment benefits to employees of the Group 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 Group 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 the Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

### *Merseyside 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.

The FRS 102 valuation of the LGPS pension scheme gives rise to a deficit recognised in the Balance sheet of £38.8m. The Actual surplus of the LGPS scheme (based on its actual combination of assets and liabilities) at 31<sup>st</sup> March 2019 is £2.9m with the scheme being 104% funded.

Actuarial gains and losses are recognised immediately in other recognised 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 Group. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost or deemed 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 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.



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

### *Land and buildings*

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Buildings – 50 years
- Major Refurbishments – 20 years
- Minor Refurbishments – 10 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the Group of 50 years. The Group has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 20 years, and minor adaptations over 10 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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 Group followed the transitional provision to retain the book value of land and buildings, which were revalued in the past, 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 Group, in which case it is capitalised and depreciated on the relevant basis.

### *Equipment*

Equipment costing more than £2,000 per individual item (or with combined value of £10,000 or more for a group of similar items with individual values less than £2000) are capitalised at cost 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:

- technical equipment 4 years
- motor vehicles 4 years
- computer equipment 4 years
- furniture, fixtures and fittings 4 years

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

### **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. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term. The Group has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1<sup>st</sup> August 2014.

### **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 (using the first in first out method) 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 Group 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.

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

### **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 2% 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.

### **Agency arrangements**

The College acts as an agent in the collection and payment of 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.

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

### 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education & Skills Funding Agency – Adults	4,618	4,618	4,721	4,721
Education & Skills Funding Agency – 16-18	13,231	13,231	13,972	13,972
Education & Skills Funding Agency - Apprenticeships	2,411	2,411	2,703	2,703
Office for Students	552	552	634	634
<b>Specific grants</b>				
ESFA – Provider Relief Scheme	43	43	-	-
Teacher Pension Scheme Contribution Grant	704	704	-	-
Free School Meals	110	110	103	103
Office for students capital grants	48	48	53	53
Releases of government capital grants	1,007	1,007	1,019	1,019
<b>Total</b>	<b>22,724</b>	<b>22,724</b>	<b>23,205</b>	<b>23,205</b>

Under the provider release scheme, the Group received funding of £43,006 from the ESFA. This was amount was fully spent in the year.

3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	656	660	975	975
Apprenticeship fees and contracts	130	139	282	282
Fees for FE loan supported courses	1,215	1,215	1,173	1,173
Fees for HE courses	2,816	2,765	3,178	3,178
<b>Total tuition fees</b>	<b>4,817</b>	<b>4,779</b>	<b>5,608</b>	<b>5,608</b>
Education contracts	-	-	-	-
<b>Total</b>	<b>4,817</b>	<b>4,779</b>	<b>5,608</b>	<b>5,608</b>

4 Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grant income	140	140	926	926
Released of non-government capital grants	346	346	435	435
Coronavirus Job Retention Scheme grant	241	212	-	-
<b>Total</b>	<b>727</b>	<b>698</b>	<b>1,361</b>	<b>1,361</b>

#### 4 Other grants and contracts continued

The Group furloughed up to 101 staff during the April to July 2020 period, including catering, maintenance and nursery staff under the government's Coronavirus Job Retention Scheme. The funding received of £241k (College: £212k) relates to staff costs which are included within note 8 below.

5 Other income	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	460	460	627	627
Other income generating activities	1,139	466	914	673
Miscellaneous income	456	671	662	662
<b>Total</b>	<b>2,055</b>	<b>1,597</b>	<b>2,203</b>	<b>1,962</b>

6 Investment income	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	2	2	7	7
<b>Total</b>	<b>2</b>	<b>2</b>	<b>7</b>	<b>7</b>

#### 7 Analysis of Grant and Fee Income for Office for Students

	2020	2019
	£'000	£'000
Grant income from the Office for Students	600	687
Grant income from other bodies	22,124	22,518
Fee income from taught awards (exclusive of VAT)	2,816	3,178
Fee income for research awards (inclusive of VAT)	-	-
Fee income for non-qualifying courses	2,001	2,430
<b>Total</b>	<b>27,541</b>	<b>28,813</b>

## 8 Staff costs – Group and College

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

	<b>Group 2020 No.</b>	<b>College 2020 No.</b>	<b>Group 2019 No.</b>	<b>College 2019 No.</b>
Teaching staff	299	299	301	301
Non-teaching staff	272	238	314	278
	<u><b>571</b></u>	<u><b>537</b></u>	<u><b>615</b></u>	<u><b>579</b></u>

### Staff costs for the above persons

	<b>2020 £'000</b>	<b>2020 £'000</b>	<b>2019 £'000</b>	<b>2019 £'000</b>
Wages and salaries	14,655	14,213	15,629	15,463
Social security costs	1,273	1,253	1,396	1,382
Other pension costs	4,233	4,221	3,819	3,812
Other employee costs	171	154	212	190
	<u><b>20,332</b></u>	<u><b>19,841</b></u>	<u><b>21,056</b></u>	<u><b>20,847</b></u>
<b>Payroll sub total</b>				
Contracted out staffing services	246	150	139	83
	<u><b>20,578</b></u>	<u><b>19,991</b></u>	<u><b>21,195</b></u>	<u><b>20,930</b></u>
Fundamental restructuring costs – Contractual	526	526	805	805
	<u><b>21,104</b></u>	<u><b>20,517</b></u>	<u><b>22,000</b></u>	<u><b>21,735</b></u>
<b>Total Staff costs</b>				

The number of staff to whom the restructuring costs relate in 2019/20 was 32 (2018/19: 41)

### 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 post holders of the College, which comprises the Chief Executive Officer, Chief Financial Officer, and the Deputy Principal.

Staff costs include compensation paid to key management personnel for loss of office.

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

	<b>2020 No.</b>	<b>2019 No.</b>
The number of key management personnel including the Accounting Officer was:	<u><b>2</b></u>	<u><b>1</b></u>

## 8. Staff costs – Group and College continued

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

	Key management personnel		Other staff	
	2020	2019	2020	2019
	No.	No.	No.	No.
£60,001 to £65,000	-	-	2	1
£65,001 to £70,000	-	-	-	1
£70,001 to £75,000	-	-	1	-
£95,001 to £100,000	1	1	-	-
£140,001 to £145,000	1	-	-	-
	<u>2</u>	<u>1</u>	<u>3</u>	<u>1</u>

The Chief Finance Officer at the start of the year resigned in October 2019. On a full year basis the total emoluments would have been in the £100k to £105k range.

A part time interim Finance Officer was employed September 2019 - July 2020. On a full year basis the total emoluments on a full time basis would have fallen in the £95k to £100k range.

A new Chief Finance Officer was employed June 2020. On a full year basis the total emoluments would fall in the £110k to £115k range.

The Chief Executive Officer was employed on a part-time basis & her annual emoluments are disclosed as full time equivalents

In 2018/19 the Chief Executive Officer at the beginning of the year resigned in April 2019. On a full year basis the total emoluments would have fallen in the £130k to £135k range.

A new part time Chief Executive Officer was appointed in April 2019. On a full year, full time basis the total emoluments would have fallen in the £140k to £145k range.

A new post of Vice Principal started in March 2019. On a full year basis the full time salary would have fallen in the £95k to £100k range.

Two College Principals resigned on 30 September 2018. On a full year basis their total emoluments would have fallen in the £85k to £90k and £100k to £105k ranges

Key management personnel emoluments are made up as follows:

	2020	2019
	£'000	£'000
Salaries	323	289
Employer's National Insurance	41	50
Holiday pay	-	2
Benefits in kind	2	3
	<u>366</u>	<u>344</u>
Pension contributions - regular	29	35
Pension contributions – compensation for loss of office	-	21
<b>Total emoluments</b>	<u><b>395</b></u>	<u><b>400</b></u>



## 8. Staff costs – Group and College continued

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officers who served during the year of:

<b>Monica Box – 1 April 2019 to 31 July 2020</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	104	35
Payments in lieu of pension contributions	10	3
	<b>114</b>	<b>38</b>
Pension contributions	0	0
<b>Jette Burford – 1 August 2018 to 5 April 2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	0	89
Benefits in kind	0	2
	<b>0</b>	<b>91</b>
Pension contributions	0	9

Monica Box is employed on an 80% basis. Her full time equivalent annual salary as at 31 July 2020 was £143,000. The Accounting officer was the highest paid officer in 2019/20.

The remuneration package of 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.

### Compensation for loss of office paid to former key management personnel

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Compensation paid to the former post-holder - contractual	-	15
Estimated value of other benefits, including provisions for pensions.	-	21

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

## 8. Staff costs – Group and College continued

### Pay Multiples

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

Principal and CEO's basic salary (full time equivalent) as a multiple of the median of all staff

	<b>2020</b>	<b>2019</b>
- Monica Box	<u>4.63</u>	<u>4.65</u>

Principal and CEO's total remuneration (full time equivalent) as a multiple of the median of all staff

	<b>2020</b>	<b>2019</b>
- Monica Box	<u>4.12</u>	<u>4.43</u>

The Pay multiple calculations have been determined by dividing the annual full-time equivalent salary of the Principal by the median annual full time equivalent salaries of the College's employees as at 31 July in each of the respective years. Hourly paid staff are excluded from the calculation as they only work during term time and only on a part time basis.

## 9 Other operating expenses

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Teaching costs	2,989	2,808	3,776	3,854
Non-teaching costs	3,034	3,335	3,374	3,362
Premises costs	2,607	2,607	2,735	2,726
<b>Total</b>	<b>8,630</b>	<b>8,750</b>	<b>9,885</b>	<b>9,942</b>

Other operating expenses include:	2020 £'000	2019 £'000
Auditors' remuneration:		
Financial statements audit <sup>1</sup>	42	35
Internal audit	17	15
Other services provided by the financial statements auditor	9	3
Other services provided by the internal auditors	5	-
Hire of assets under operating leases	164	157
Payments to subcontractors	507	1,535

<sup>1</sup> Includes £35,000 in respect to the college

### 9a Access and Participation Expenditure

The College incurred the following expenditure in relation to its Access and Participation plan for 2019-20 which is published on the College's website.

	£
Access Investment	33,755
Financial Support to Students	68,171
Disability Support	903
Research and Evaluation	38,705

The above costs include £42,096 in relation to staff costs, all of which are included in the staff costs per Note 8

## 10 Interest and other finance costs – Group and College

	2020 £'000	2019 £'000
On bank loans, overdrafts and other loans:	440	465
Pension finance costs (note 25)	714	470
<b>Total</b>	<b>1,154</b>	<b>935</b>

## 11 Taxation – Group only

	2020 £'000	2019 £'000
United Kingdom corporation tax at 19 per cent	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 12 Tangible fixed assets (Group & College)

	Land and buildings		Equipment	Total
	Freehold £'000	Long leasehold £'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2019	92,183	1,261	1,553	94,997
Additions	65	-	429	494
Disposals	(1,900)	-	-	(1,900)
<b>At 31 July 2020</b>	<b>90,348</b>	<b>1,261</b>	<b>1,982</b>	<b>93,591</b>
<b>Depreciation</b>				
At 1 August 2019	28,271	612	898	29,781
Charge for the year	2,165	50	324	2,540
Elimination in respect of disposals	-	-	-	-
<b>At 31 July 2020</b>	<b>30,436</b>	<b>663</b>	<b>1,222</b>	<b>32,321</b>
<b>Net book value at 31 July 2020</b>	<b>59,912</b>	<b>598</b>	<b>760</b>	<b>61,270</b>
Net book value at 31 July 2019	63,912	649	655	65,216

The fixed assets include equipment held under finance leases with a net book value of £152,100 (2019: £nil) on which depreciation of £31,700 (2019: £nil) was charged in the year.

## 13 Non-current investments

	Group	College	Group	College
	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Investments in subsidiary companies	-	141	-	141
<b>Total</b>	<b>-</b>	<b>141</b>	<b>-</b>	<b>141</b>

### 13 Non-current investments continued

The College owns 100 per cent of the issued ordinary £1 shares of Skills Northwest Limited, a company incorporated in England and Wales, and 100 per cent of the issued ordinary £1 shares of Waterside Training Limited, a company incorporated in England and Wales.

Skills Northwest Limited is a dormant company. The principal activity of Waterside Training Limited is the delivery of training for individuals and companies in the engineering industry.

### 14 Debtors

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Amounts falling due within one year:				
Trade receivables	185	79	553	553
Amounts owed by group undertakings:				
Subsidiary undertakings	-	163	-	116
Prepayments and accrued income	1,266	1,249	1,762	1,401
Other debtors	-	-	6	6
<b>Total</b>	<b><u>1,451</u></b>	<b><u>1,491</u></b>	<b><u>2,321</u></b>	<b><u>2,076</u></b>

### 15 Current investments

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Short term deposits	-	-	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

### 16 Creditors: amounts falling due within one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank loans and overdrafts	-	-	524	524
Obligations under finance leases	57	57	-	-
Trade payables	1,339	1,333	2,724	2,724
Amounts owed to group undertakings:				
Subsidiary undertakings	-	266	-	80
Other taxation and social security	681	600	685	685
Accruals and deferred income	1,980	1,973	1,814	1,814
Deferred income - government capital grants	1,349	1,349	1,380	1,380
Amounts owed to the ESFA	26	26	(210)	(210)
Other creditors	565	362	671	376
<b>Total</b>	<b><u>5,997</u></b>	<b><u>5,966</u></b>	<b><u>7,588</u></b>	<b><u>7,373</u></b>

## 17 Creditors: amounts falling due after one year

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	7,388	7,388	8,972	8,972
Obligations under finance leases	76	76	-	-
Deferred income - government capital grants	35,237	35,237	36,425	36,425
<b>Total</b>	<b>42,701</b>	<b>42,701</b>	<b>45,397</b>	<b>45,397</b>

## 18 Maturity of debt

### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	-	-	524	524
Between one and two years	305	305	548	548
Between two and five years	1,648	1,648	1,798	1,798
In five years or more	5,435	5,435	6,626	6,626
<b>Total</b>	<b>7,388</b>	<b>7,388</b>	<b>9,496</b>	<b>9,496</b>

Bank loans with interest rates of between 5.23% and 5.39% repayable by instalments falling due between February 2022 and November 2032 totalling £7,388,833, are secured on a portion of the freehold land and buildings of the Group.

### (b) Finance Leases

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	57	57	-	-
Between one and two years	57	57	-	-
Between two and five years	19	19	-	-
<b>Total</b>	<b>133</b>	<b>133</b>	<b>-</b>	<b>-</b>

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	33,145	-	33,145
Expenditure in the period	-	-	-
Additions in period	5,698	-	5,698
<b>At 31 July 2020</b>	<b>38,843</b>	<b>-</b>	<b>38,843</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 25.

## 20 Cash and cash equivalents

	At 1 August 2019	Cash flows	At 31 July 2020
Group	£'000	£'000	£'000
Cash and cash equivalents	1,467	(534)	933
<b>Total</b>	<b>1,467</b>	<b>(534)</b>	<b>933</b>
<b>College</b>			
Cash and cash equivalents	1,399	(693)	706
<b>Total</b>	<b>1,399</b>	<b>(693)</b>	<b>706</b>

## 21 Capital and other commitments

	Group and College	
	2020 £'000	2019 £'000
Commitments contracted for at 31 July	474	-

## 22 Lease obligations

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

	<b>Group and College</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	696	649
Later than one year and not later than five years	3,122	2,966
Later than five years	9,335	9,705
	<u>13,153</u>	<u>13,320</u>
<b>Other</b>		
Not later than one year	66	-
Later than one year and not later than five years	135	-
Later than five years	-	-
	<u>201</u>	<u>-</u>

## 23 Contingent liabilities

There are no contingent liabilities at year end.

## 24 Events after the reporting period

A new Chief Executive Officer was appointed on the 1<sup>st</sup> August 2020.



## 25 Defined benefit obligations

The Group'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 Merseyside Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wirral MBC. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,816	1,431
Local Government Pension Scheme:		
Contributions paid	1,197	1,587
FRS 102 (28) charge	<u>1,208</u>	<u>794</u>
Charge to the Statement of Comprehensive Income	2,405	2,381
Other pension contributions	12	7
<b>Total Pension Cost for Year within staff costs</b>	<b><u>4,233</u></b>	<b><u>3,819</u></b>

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

Contributions amounting to £282,782 (2019: £336,000) were payable to the schemes at 31<sup>st</sup> July and are included within creditors.

The LGPS contributions paid figure above of £1,197k does not include pension costs in relation to redundancies that are accounted for within restructuring costs in the financial statements.

## **25. Defined benefit obligations continued**

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

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 2018/9). 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 £1,816,000 (2018: £1,431,000).

### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Wirral MBC Local Authority. The total contributions made for the year ended 31 July 2020 were £1,523,000, of which employer's contributions totalled £1,197,000 and employees' contributions totalled £326,000. The agreed contribution rates for future years are 18.0% for employers and range from 5.5% to 12.5% for employees, depending on salary.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP".

## 25. Defined benefit obligations continued

However, in response to this judgement HM Treasury stated that “public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgment”, clearly implying that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore, the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time, and so we have not made any allowance for any additional liabilities at this stage. This is consistent with previous accounting disclosures.

There is a separate wider potential issue in relation to GMP equality in general. At present, the public service schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards. A provision of £242,000 has been provided at 31 July 2020 (2019: £242,000) for the cost of extending GMP equalisation to members who reach State Pension Age after 2021.

### Principal Actuarial Assumptions

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

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.8%	3.7%
Future pensions increases	2.4%	2.3%
Discount rate for scheme liabilities	1.6%	2.2%
Inflation assumption (CPI)	2.3%	2.2%
Commutation of pensions to lump sums	0.0%	0.0%

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	20.9	22.2
Females	24.0	25.0
<i>Retiring in 20 years</i>		
Males	22.5	25.2
Females	25.9	27.9

## 25. Defined benefit obligations continued

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

	Long term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £'000	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019 £'000
Equity instruments	39.80%	33,961	39.30	34,720
Government bonds	3.60%	3,072	6.80%	6,007
Other bonds	22.60%	19,284	22.80	20,143
Property	7.40%	6,314	7.60	6,714
Cash	8.80%	7,509	5.40	4,771
Other	17.80%	15,189	18.10	15,990
<b>Total fair value of plan assets</b>		<b>85,329</b>		<b>88,345</b>
<b>Weighted average expected long term rate of return</b>		<b>0.90%</b>		<b>5.70%</b>
<b>Actual return on plan assets</b>		<b>(731)</b>		<b>5,035</b>

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

	2020 £'000	2019 £'000
Fair value of plan assets	88,329	88,345
Present value of plan liabilities	(124,172)	(121,490)
<b>Net pensions liability (Note 19)</b>	<b>(38,843)</b>	<b>(33,145)</b>

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

	2020 £'000	2019 £'000
<b>Amounts included in staff costs</b>		
Current service cost less employer contributions	(521)	687
Administration expenses	(26)	(29)
Past service cost	(340)	(761)
GMP equalisation provision	-	(242)
Effect of curtailments	(321)	(449)
<b>Total</b>	<b>(1,208)</b>	<b>(794)</b>

## 25. Defined benefit obligations continued

### Amounts included in finance costs

Net interest cost (note 10)	(714)	(470)
	<u>(714)</u>	<u>(470)</u>

### Amount recognised in Other Comprehensive Income

Return on pension plan assets	(3,700)	2,612
Experience gains/(losses) arising on defined benefit obligations	5,403	-
Changes in assumptions underlying the present value of plan	(5,479)	(17,067)
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>(3,776)</u></b>	<b><u>(14,455)</u></b>

### Movement in net defined benefit (liability)/asset during year

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(33,145)	(17,426)
Movement in year:		
Current service cost	(1,892)	(1,691)
Employer contributions	1,371	2,378
Administration expenses	(26)	(29)
Effect of curtailments	(321)	(449)
Past service cost	(340)	(761)
GMP Equalisation Provision	-	(242)
Net interest on the defined liability	(714)	(470)
Business combinations	-	-
Actuarial gain or loss	(3,776)	(14,455)
<b>Net defined benefit liability at 31 July</b>	<b><u>(38,843)</u></b>	<b><u>(33,145)</u></b>

### Asset and Liability Reconciliation

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>121,490</b>	<b>101,174</b>
Current service cost	1,892	1,691
Interest cost	2,644	2,893
Contributions by Scheme participants	324	361
Experience gains and losses on defined benefit obligations	(5,403)	-
Changes in financial assumptions	5,479	17,067
Estimated benefits paid	(2,915)	(3,148)
Past Service cost	340	761
GMP Equalisation Provision	-	242
Curtailments and settlements	321	449
<b>Defined benefit obligations at end of period</b>	<b><u>124,172</u></b>	<b><u>121,490</u></b>

## 25. Defined benefit obligations continued

<b>Fair value of plan assets at start of period</b>	88,345	83,748
Interest on plan assets	1,930	2,423
Return on plan assets	(3,700)	2,612
Employer contributions	1,371	2,378
Contributions by Scheme participants	324	361
Administration expenses	(26)	(29)
Estimated benefits paid	(2,915)	(3,148)
<b>Fair value of plan assets at end of period</b>	<b>85,329</b>	<b>88,345</b>

## 26 Related party transactions

Owing 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 Governors during the year was £394: 1 governor (2019: £nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2019: none).

The Sutton Academy – a secondary school St Helens College act as sponsor for. Sales of services £50k (2019: £99k), Purchase of services £nil (2019: £nil). As at 31 July 2020 the balance owed by Sutton was £6k (2019: owed by Sutton £22k).

Waterside Training limited – a 100% owned subsidiary (44% owned associate until 31 March 2019). Sales of services £257k (2019 £251k), Purchase of services £437k (2019: £335k). As at 31 July 2020 the net balance owed to Waterside was £103k (2019: owed by Waterside £36k).

## 27 Amounts disbursed as agent

	2020	2019
	£'000	£'000
Unspent balance at 1 August	287	182
Funding body grants – 16-18	682	625
Funding body grants – adults	695	686
	<u>1,664</u>	<u>1,493</u>
Disbursed to students	(1,172)	(1,142)
Clawback of prior year unspent funds	(130)	-
Administration costs	(69)	(64)
	<u>293</u>	<u>287</u>
Balance unspent as at 31 July, included in creditors	<u>293</u>	<u>287</u>

Funding body 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.