



## **Report and Financial Statements**

**1<sup>st</sup> August 2018 to 31<sup>st</sup> July 2019**

*To inspire, challenge and transform lives.*

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## **Reference and Administrative Details**

### **Board of Governors**

Ms P Brown  
Mr D Crosby  
Prof R Dawson  
Ms C Donovan  
Mr A Gibbons  
Ms R Ingham  
Mr K Lockhart  
Ms K Mahon  
Ms J McCormick  
Mr M McManus  
Ms L Redican  
Ms B Rice  
Mr K Rice  
Mr M Robinson  
Ms J Simmons  
Ms G Sloan  
Mr A Spencer  
Mr M Whelan  
Ms Y Williams

Director of Governance - Anne-Marie Nixon

### **Principalship Team**

Yana Williams - Principal and CEO: Accounting Officer  
Matt Larkin - Vice Principal Finance & Corporate Services  
David Rigby - Vice Principal Curriculum & Quality  
Cath Sullivan - Vice Principal People, Organisational Development and Culture  
Pat Farrell - Corporate and Capital Development

### **Registered Office**

Balliol Road  
Bootle  
Merseyside  
L20 7EW

## **Professional Advisors**

### **Internal Auditors**

RSM Risk Assurance LLP  
14<sup>th</sup> Floor  
20 Chapel Street  
Liverpool  
L3 9AG

### **External Auditors**

WYLIE BISSET LLP  
168 Bath Street  
Glasgow  
G2 4TP

### **Bankers**

LLOYDS BANKING GROUP PLC  
Liverpool Law Courts  
2-12 Lord Street  
Liverpool  
L2 1TS

### **Solicitors**

EVERSHEDS  
70 Great Bridgewater Street  
Manchester  
M1 5ES

## **Strategic Report**

### **Nature, Objectives and Strategy:**

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

#### **1. LEGAL STATUS**

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

The Instrument and Articles of Government under which the College is governed are the Further Education Corporation (Former Further Education Colleges) (Replacement of Instruments and Articles of Government) order 2007 as modified on 31 March 2012. The Corporation approved amendments to the Instrument and Articles of Government on 29 September 2016 and a copy is available on the College's website.

#### **2. MISSION**

The Corporation reviewed the College's mission and strategic plan on 8 February 2019, 27 March 2019 and 19 June 2019. On 19 June 2019 the Corporation finalised the 2019-21 strategic plan and confirmed the appropriateness of the College's Mission:

"To inspire, challenge and transform lives".

#### **3. STRATEGY**

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 the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

#### 4. STRATEGIC PLAN AND CORPORATE OBJECTIVES

The 2019-21 Strategic Plan was reviewed and approved by the Corporation on 19 June 2019. The Corporation confirmed the relevance and appropriateness of the College's Mission and Statement of Aims as follows:

*"To inspire, challenge and transform lives".*

The strategic plan includes quality and financial plans and the Corporation monitors the performance of the College against these plans. On 13 December 2017 the Corporation reviewed and approved the eight key strategic aims attached to the 2017-19 strategic plan as:

- Deliver outstanding quality across all aspects of the curriculum and College services
- Provide a dynamic curriculum which meets local and national priorities, as well as the community as a whole by developing key transferable skills and employability
- Work collaboratively to implement the proposals of the Area Based Review
- Achieve progress towards outstanding financial status through efficiency and growth of current and new income streams
- Build and maintain strong relationships with key stakeholders to maximise reputational opportunities
- Deliver outstanding teaching, learning and assessment
- Invest in the creation of an education estate that supports raised aspirations for learners of all ages
- Build a national reputation for high quality maths and English delivery

The progress against the achievement of these aims was closely monitored through key performance indicators attached to each of the 8 key strategic aims and reported regularly to both senior managers and governors throughout 2018-19. On 19 June 2019 the Corporation approved seven new strategic aims as part of the 2019-21 Strategic Plan as follows:

- Maximise the opportunities of working with the Liverpool City Region Combined Authority to meet local and regional skills needs
- Provide a challenging, well-thought-out and evidence-based curriculum offer that reflects local need and is implemented with integrity and in the best interest of all learners
- Maintain a robust and sustainable financial position to support a highly effective operation which meets and exceeds the demands of external stakeholders
- Embed outstanding employer engagement across the College to enrich learning and develop the employability skills of all

- Deliver fun and unmissable lessons that learners enjoy, attend and which support them to make progress and achieve their potential
- Create an estate that fulfils the local community's aspirations
- Empower staff to act with integrity within a solution-focussed culture

The progress against the achievement of these aims is closely monitored through key performance indicators attached to each of the 8 key strategic aims and reported regularly to both senior managers and governors.

Quality indicators relate to attendance, punctuality, value added, retention, achievement, progression, destination, stakeholder satisfaction, the quality of teaching, learning and assessment and performance on GCSE maths and English programmes.

Of the 46 KPIs relating to curriculum and quality that can be ascertained at this stage, 20 (45%) were achieved successfully, relating to: learner retention across nearly all metrics in which it was used, the ALPS value added scores on A level and level 3 BTEC programmes, apprenticeship timely achievement rates, progress in English and maths, value added for level 3 Tech levels and the percentage of high needs learners who accessed work experience. In addition, 13 (30%) of the KPIs improved in 2018/19 compared to equivalent performance in 2017/18.

Of the remaining KPIs, 11 (25%) were not achieved having declined in 2018/19 compared to the previous year, namely: attendance across the College (excluding maths and English) and in full time 14 to 16 provision; punctuality; the proportion of learners making positive value added progress in the College's numbered system; the proportion of learners moving to a positive destination; the Applied General value added score; the proportion of HE students and 14 to 16 learners making positive value added progress in the College's internal systems, the overall apprenticeship achievement rate, the proportion of learners accessing work experience and the student satisfaction in relation to teaching.

## **FUTURE PROSPECTS**

### **Financial results**

The College reports a deficit in 2018/19 of £(280)k (2018 - £1,262k) after accounting for a £370k charge to recognise the potential impact of the McCloud judgement. Cash at bank has increased from £3,267k to £3,352k with operational performance generating cash for investments in fixed assets in the year.

Fixed assets grew from £29,326k to £30,093k mainly due to the investment, supported by grant income, of the St Winefride's Church site into an innovative HEAT Hub which was brought into use in March 2019.

### **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 incorporated with its Financial Regulations which were last approved by the Corporation in June 2019.

### **Cash flows and liquidity**

The College's cash at bank at the year end was £3,352k (2018 £3,267k) Net cash inflow is reported at £2,614k in the year (2018 £3,484k) with fixed asset additions of £2,200k (2018 £3,066k).

The College maintains a loan which was taken out to fund capital investments in the L20 building and which stands at £2,711k at the year end. No new loans were taken out during the year and the College met all repayment and interest obligations.

The College expects to be judged as meeting in full its bank covenant obligations when measured against these 2018-19 financial statements, in accordance with the loan agreement.

### **Reserves Policy**

The College has adopted a formal reserves policy which was approved by the Corporation in September 2016. The College holds and maintains reserves in order to achieve all elements of its Strategic Plan. The College believes that the most appropriate measure of the level of reserves to be maintained is the level of unrestricted cash held by the College, as measured at the year-end date of 31st July each year.



The minimum level of reserves that the College intends to hold shall be measured by the level of cash operating costs required to operate for a 3 month period. As the current level of reserves does not meet this policy objective, an action plan has been developed and approved by Finance and Resources Committee to address this.

### **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.

### **Student achievements**

The key headlines are as follows:

- The headline achievement rate for 16 to 18 year olds increased in 2018/19 as a consequence of improved retention and pass rates on “core” (not including maths and English) learning aims.
- A level performance is very good. High grade pass rates have improved when compared to the previous year, although the overall pass rate has decreased slightly. Although the College’s rates are below national average figures for high grades, the College is closing the gap in all three measures (A\*, A\*- B and A\*- C). In addition, the College’s improving rates in all three measures bucks the national trend which saw all three measures reduce in 2018/19.
- A level ALPS performance is excellent, with an overall score of ‘2’ indicating that comparative value added performance is within the top 10% nationally. In 2018/19, 58.2% of entries obtained a ‘red’ value added grade (i.e. a grade 1, 2 or 3), an improvement of 10.5 percentage points upon 2017/18. In addition, in 2018/19 only 3.4% of entries obtained a ‘blue’ value added grade (i.e. a grade 7, 8 or 9), an improvement of 10.9 percentage points.
- There is some excellent performance in post-16 GCSE maths, particularly:
  - 52.5% of 16 to 18 year olds already in possession of a grade D or ‘3’ obtained at least a grade 4, representing a 19.7 percentage point improvement upon the equivalent rate in 2017/18.
  - 70.1% of all adults obtained at least a grade 4, representing a 16.7 percentage point improvement upon the equivalent rate in 2017/18.
- The overall performance of GCSE English for 16 to 18 year olds, although broadly static when compared to 2017/18, is disappointing and this remains a key area of improvement for the College. Only 22.2% of 16 to 18 year olds already in possession of a grade D or ‘3’ obtained at least a grade 4, representing a 2.0 percentage point improvement upon the equivalent rate in 2017/18. The performance of adults on GCSE English was good with 57.4% obtaining at least a grade ‘4’, representing a 7.4 percentage point improvement upon the equivalent rate in 2017/18.
- The GCSE performance within the full time 14 to 16 provision continues to incrementally improve, although the College recognises that more improvement is required. The strong performance in GCSE Maths noted for

16+ learners is also evident here, with 40% of entries obtaining at least a grade '4', representing an increase of 18 percentage points when compared to the equivalent rate in 2017/18. Performance in GCSE English was equivalent to 2017/18 whilst the change to the Double Award in Science, from triple entry in 2017/18, led to improved results, with 17% of entrants obtaining at least a grade '4'. Computer Science results were, once again, poor and this course has now been removed from the curriculum offer with the Y11 cohort being the last to study the subject and Y10 learners studying a two year Cambridge iMedia level 2 vocational qualification instead.

### 16 to 18 year olds

- The headline achievement rate for 16 to 18 year olds increased in 2018/19 as a consequence of improved retention and pass rates on "core" (not including maths and English) learning aims.
- The College continues to support 16 to 18 year olds to gain their "core" learning aims at ever increasing rates and the achievement rate of 89.7% obtained in 2018/19 is the highest rate ever achieved by the College for this age group.
- The headline data is impacted significantly by achievement rates on maths and English qualifications which in 2018/19 accounts for 41% of starts within the 16 to 18 year old cohort compared to 36% of all starts in 2017/18.
- There is some very good performance within Maths and English for 16 to 18 year olds, particularly for GCSE Maths. However, overall retention rates and pass rates have declined in both GCSE and Functional Skills. For GCSE, the overall achievement rate fell by 2.3 percentage points, primarily due to a reduction in retention, primarily due to a higher proportion of learners not attending their GCSE examinations in the summer. Achievement rates for Functional Skills are very poor, with an overall achievement rate of 40.0% - a reduction of 23.6 percentage points – primarily due to very low achievement rates for the Connect learners.

### Adults

- The headline achievement rate increased by 5.8 percentage points in 2018/19 as a consequence of both improved retention and pass rates. Improvement was noted across the majority of qualification types, with the exception of 'Access to HE' and 'Awards' which saw a reduction of 3.2 and 0.4 percentage points, respectively.
- A more direct comparison at qualification type level between the College rates and the equivalent 2017/18 national averages show that the College's achievement rate for four qualification types – Diplomas, ESOL, GCSE and Other Non Regulated – are above national average rates whilst achievement rate for four qualification types – Access to HE, Awards, Basic Skills Maths and English and Certificates – are below national average rates. Again, the area that compares most poorly to the national picture is functional skills with an achievement rate of 61.5% that, although an improvement of 3.3 percentage points when compared to the College's rate in 2017/18, is still 17.8 percentage points below the national average.

The timely apprenticeship achievement rate increased in 2018/19, with a final figure of 77.0% being 8.3 percentage points above the equivalent rate from 2017/18. The overall apprenticeship achievement rate of 74.7%, however, was 2.0 percentage points below the equivalent rate from the previous year.

## **Curriculum developments**

The College is in an extremely good position as it enters 2019/20. Regional strategic collaborations with, for example, the Combined Regional Authority (CRA) and the NHS are developing opportunities that will enable the College to further develop as a strategic enabler and active participant in delivering key priorities across the City Region. The College's AEB budget has been formally devolved by the CRA from September 2019 onwards and we will position ourselves as positively as possible over the coming months to maximise the strategic and financial benefits that will arise. Whilst the College will continue to offer significant amounts of maths, English and ESOL provision to meet regional priorities, there will also be opportunities to continue to expand provision such as health and care to further develop the College's strong links with local NHS trusts and support the successful opening of the St Winefride's Campus. The College's revised Health and Care Strategy encapsulates this activity and will ensure our work is coordinated to maximise the opportunities that are being presented and health and care programmes have seen over a 300% increase during the last 3 years.

During 2018/19, the College's curriculum offer was significantly reviewed as part of a revised Curriculum Review process, partly to ensure that the College started to actively prepare for the introduction of T-levels, including supporting the work required for the Capacity Development Fund, and the College was selected as a 2021 pilot provider for the delivery of T levels.

The College's HE provision continues to undertake a key strategic function for both the College and the region. We are proud to widen participation to the level that we do, recruiting almost four times as many harder-to-reach students than is the case nationally. In 2019/20, the College will continue to forge stronger links between the College's HE and FE curriculum, together with embedding quality mechanisms relating to the Office for Students.

Embedding South Sefton Campus into Hugh Baird College has been highly successful over the last 12 months, both in relation to learner outcomes and increased enrolments in 2019/20. Overall value added performance was excellent.

Apprenticeship provision is improving well. The Ofsted inspection provided a clear view to managers and the College as to where our improvement priorities were and staff responded positively to embed new systems and processes. Recruiting Calderdale College as our improvement partner, with funding provided by the Strategic College Improvement Fund, worked well and enabled a number of specific improvement initiatives to be delivered during the last 12 months.

As a College we have adapted our Maths and English Strategy on an annual basis and a key focus for 2019/20 is to support learner engagement and, broadly, in its current version it represents both a synthesis of best external practice and also

aspects learnt from our own experiences and therefore should form the basis of our work in the area for several years to come.

### **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. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2018 to 31 July 2019, the College paid 87% of its invoices within 30 days of receipt. The College incurred no interest charges in respect of late payment for this period.

### **Future prospects**

The College has established a budget for 2019/20 which continues to focus on ensuring that the College maintains the financial efficiency of its operation whilst maintaining its ability to deliver high quality provision to learners in the locality. It will do this by ensuring that staff costs as a proportion of income remain in line with sector benchmarks, whilst budgeting for stability in learner numbers in most areas. Whilst opportunities for growth through the expansion of Higher Education, 14-16 delivery, Advanced Learner Loans and Apprenticeships will be maximised where possible, the College budgets prudently to ensure that its core business delivers key objectives of financial stability and operational effectiveness.

The completion of the development on the St Winefride's Church site, supported by £4.0m grant funding from the Liverpool City Region Combined Authority, commenced operation from November 2018 and provides an outstanding and innovative facility, working with Merseycare NHS Trust, to support learners and residents in the locality.

### **Resources**

The College invests in the learner experience through both the use of qualified and experienced staff and also through the provision of excellent facilities.

Our staff team are our most important resource. The College continues to invest in staff training and development through internal and external courses and provide opportunities for continued professional development to all staff. The College currently employs 452 full time equivalent staff.

The most significant investment in the year has been the development of the HEAT Hub which is funded primarily through a grant funding agreement with the Liverpool City Region Combined Authority. With a total construction value of £4.0m the site represents a significant opportunity to continue to deliver in LEP priority areas, and will also provide a central focus of joint working with the NHS through Merseycare NHS Trust in the Life Rooms facility. The College continues to invest in equipment and facilities to continue to support the learning and progress of our students. Investments made in recent years in the Port Academy

Liverpool building and the L20 University Centre demonstrate the College's vision of the level of facilities required to meet the needs of stakeholders. The Balliol Centre building and Sixth Form Academy buildings are currently fit for purpose though continue to require ongoing investment to ensure that they meet changing demands.

## **5. PRINCIPAL RISKS AND UNCERTAINTIES**

### **Risk Management**

The College's Risk Management Policy focuses on identifying strategic risks aligned to the strategic objectives of the College, and operational risk and their management in the context of the approved risk appetite of the College. The College has continued to work during the year to develop and embed the robust systems of internal control, including financial, operational and risk management, which are designed to protect the College's assets and reputation.

Based on the strategic plan, the Principalship, as advised by the Risk Review 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 term's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the termly review, the Risk Review Group also considers any risks, which may arise as a result of a new area of work being undertaken by the College.

A Strategic Risk Register is maintained at the College level, which is reviewed regularly by the Audit Committee and annually by the Corporation. The Strategic 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 the development of the operational register and risk management training to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also present risk to the College.

### **Government funding**

The College has considerable reliance on continued government funding through the EFSA and higher education funding via government loan provision. In 2018/19, 89% of the College's revenue was ultimately public funded and reliance at this level is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same level or on the same terms. Devolution of the Adult Education Budget funding to the Liverpool City Region from September 2019 will present opportunities and challenges as this funding stream is configured to local demands.

### **Loan covenant compliance**

The College breached the terms of its loan covenant with weak financial performance through 2014/15 and 2015/16. By significantly improving the financial performance of the College the covenants in the loan agreement are now met in full. By working closely with the bank and developing robust plans to address weaknesses in financial performance, the College does not expect any changes to be made to the existing loan arrangements, including the term and interest rates associated with the loan.

### **Tuition fee policy**

Ministers have confirmed the co-funding fee assumption is 50% in 2019/20 subject to the detailed funding rules. In line with the majority of other colleges, Hugh Baird College will seek to maintain tuition fees in accordance with the fee assumptions.

The risk for the College is the fall in demand as fees increase, and students are increasingly asked to fund their courses through student loans. This could impact on the growth strategy of the College. This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demands for courses as prices change.

### **Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102. Levels of contributions made by the College to fund the historic deficit and ongoing costs of operation will continue to reflect macro economic factors outside of the control of the College, and are expected to rise in the short to medium term.

### **Area Based Review**

The Liverpool City Region Area Based Review concluded in October 2016 and made recommendations on the future direction of Further Education in the Liverpool City Region. Structural changes already implemented to the College and other Colleges in the area will continue to affect the landscape within which the College operates.

## **6. STAKEHOLDER RELATIONSHIPS**

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

- Students;
- Educational Sector Funding Bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices / Regional Development Agencies / LEP;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- Franchised Partner Universities.

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

### **Equal Opportunities**

Hugh Baird College's driving mission is to promote equality, social inclusion and regeneration in all that we do. The College will achieve this through four key objectives which are:

- Develop and improve our responses and learning provision to under represented groups. We will aim to increase participation and improve community cohesion.
- Develop responses to address social and economic disadvantage. We will develop and deliver projects that seek to engage hard to reach learners.
- Narrow the gaps to achievement between different groups of learners. We will provide timely support to enable curriculum teams to respond positively to under-achievement.
- Ensure our learners are well equipped with the skills and knowledge to live and work in a diverse and multi-cultural society.

The College will increase opportunities for delivering teaching and learning that improves group cohesion and values diverse contributions and ensure teaching and learning positively represents different groups within society.

Hugh Baird College celebrates equality and diversity and offers equal opportunities to all. The College welcomes applications from the lesbian, gay, bisexual and transgender communities.

The College publishes an annual Equality and Diversity Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The annual Equality and Diversity Report reviews our progress over the last year in relation to equality and diversity and is one of the ways we make visible how we are meeting our obligations to recognise diversity and promote equality. The report reflects the work of the College within our diverse communities as well as reporting key equality data/information.

We have firm expectations from our staff and students and work with various internal and external groups to consult and develop how we can improve and maintain our interwoven approach to equality and diversity, reflecting our organisations values of;

- Integrity and honesty – we act honestly, ethically and legally in all we do
- Openness – we are open to new ideas and share knowledge
- Trust and mutual respect – we treat everyone with fairness and integrity
- Courage – we have the courage to act on our convictions
- Social Responsibility – we are responsible to our colleagues, students and the environment where we live and work
- Accountability – we are accountable for our actions and seek to improve lives
- Excellence – we strive for excellence in all we do

### **Employment of Disabled Persons**

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

### **Disability Statement**

100% of the College accommodation used for curriculum delivery in 2018/19 was accessible by wheelchair users.

The Additional Learner Support Team makes detailed assessment of learners' support needs in order to provide appropriate support.

The College has made a significant investment in the appointment of staff to support learners with learning difficulties and/or disabilities. There is a team of Academic Support Workers and Care Assistants who provide support for learning. In addition, there is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.

Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.

Counselling and welfare services are described in the College Charter.



## Trade Union Facility Time

As part of the Trade Union (Facility Time Publication Requirements) Regulations 2017, which took effect from 1<sup>st</sup> April 2017, we are required to publish information on trade union facility time.

Hugh Baird College recognises the following trade unions for the purpose of collective bargaining:

- NASUWT and NEU for teaching staff
- UCU for lecturing and management spine staff
- UCU and NEU for management spine staff
- UNISON and UNITE for support staff

For the period 1<sup>st</sup> April 2018 to 31st March 2019 the following applies:

<b>Number of employees who were relevant trade union officials</b>	<b>Full –time equivalent employee number</b>
<b>6</b>	<b>5.89</b>

<b>Percentage of time spent on facility time</b>	<b>Number of employees</b>
<b>1-50%</b>	<b>6</b>

<b>Total cost of facility time</b>	<b>£5,026</b>
<b>Total Pay Bill (1st April 2018 to 31<sup>st</sup> March 2019)</b>	<b>£14,365,984</b>
<b>Percentage of total pay bill spent on facility time</b>	<b>0.03%</b>

<b>Time spent on paid trade union activities as a percentage of total paid facility time hours</b>	<b>33.69%</b>
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### **Disclosure of information to auditors**

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

Approved by order of the members of the Corporation on 27 November 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D. Crosby', written over a faint horizontal line.

D. Crosby  
Chair of the Corporation

## GOVERNANCE STATEMENT

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2018 to 31st July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2019. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 24 June 2015. On 27 March 2019 the Corporation resolved to approve the AoC Senior Staff Remuneration Code as an annex to the Code of Good Governance for English Colleges for implementation from 1 September 2019.

In considering the Code's statement that governors should not normally serve for more than two terms (or a maximum of eight years) except where subsequently undertaking a new and more senior role, for example as Chair, the Corporation approved one exception during 2017/18. This appointment related to the individual who was Chair Designate and became Chair of the Corporation with effect from 10 September 2017. The decision to grant exceptional approval to enable the Chair to serve for more than 8 successive years was made in recognition of the need to maintain a level of experience on a Board where the significant majority of members were still serving their first term of office. A detailed RAG rated schedule of compliance with the Code has been submitted to the external auditors to support the governance statement.

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.

## The Corporation

	<b>Date of Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance*</b>
Ms. P. Brown	23 June 2016  Reappointed 23 June 2017 for a further 12 months  Reappointed for a further 2 years until 22 June 2020	4 years		Member	Audit ; Appeals	12/13  92%
Mr D Crosby	23 September 2009 (4 year term): reappointed 23 September 2013 (4 Year term); reappointed until 22 September 2018 (1 year term); reappointed until 21 September 2020 (2 year term)	2 years		Chair	Chair of Corporation from 10/9/17;  Chair of Quality and Standards; Member of Appeals: Search and Governance: Finance and Resources and Remuneration	23/25  93%
Prof R Dawson	1 December 2017 (1-year probationary term);  Reappointed to 30 November 2021	4 years		Member	Quality and Standards Committee; Chair of HE Committee; Remuneration	13/13  100%
Ms C Donovan	11 September 2017 (1-year term); extended to 30 August 2020	2 years	26 October 2018	Member	Quality and Standards Committee	0/2  0%
Mr A Gibbons	1 December 2017 (1-year probationary term) reappointed until 30 November 2021	4 years		Member	Audit – then resigned to change to be Chair of Finance and Resources Committee; Appeals; Remuneration	18/19  95%
Ms R Ingham	21 November 2018	1 Year	15 February 2019	FE Student member	Quality and Standards	2/5  40%

	<b>Date of Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance*</b>
Mr K Lockhart	17 October 2018 (1-year probationary term) Reappointed until 16 October 2022	4 years		Member	Audit Committee	10/10 100%
Ms K Mahon	23 August 2018 (1-year probationary term) Reappointed until 22 August 2022	4 years		Member	Quality and Standards and HE	12/14 86%
Ms J McCormick	14 October 2015	4 years	13 October 2019	Staff Member	Quality and Standards Committee	7/8 88%
Mr M McManus	23 September 2015	4 years	28 March 2019	Member	Audit Committee	3/9 33%
Ms L Redican	17 October 2018(1-year probationary term) Reappointed until 16 October 2022	4 years		Member	Quality and Standards Committee	7/10 70%
Ms B Rice	22 June 2016 extended by 12 months until 22 June 2017; reappointed to 21 June 2020	4 years		Member	Chair of Audit Committee; Remuneration	11/13 85%
Mr K Rice	21 November 2017 (1- year probationary term) reappointed to 20 November 2021	4 years		Business Support Staff Member	HE	9/10 90%
Mr M Robinson	23 September 2015; reappointed for a further 4 years until 22 September 2023	4 years		Member	Vice Chair of the Corporation; Chair of Remuneration Committee; member of Finance and Resources; Search and Governance; Appeals	21/21 100%

	<b>Date of Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance*</b>
Ms J Simmons	28 July 2017; reappointed for a further 12 months to 27 July 2018 and a further 2 until 26 July 2020	2 years		Member	Quality and Standards Search and Governance; Appeals	18/18 100%
Ms G Sloan	1 September 2017 (1 year); reappointed for a further 12 months to August 2018 and a further 2 years until 31 August 2020	2 years		Member	Finance and Resources Committee	8/14 57%
Mr A Spencer	17 October 2018	1 year		HE Student Governor	HE	9/9 100%
Mr M Whelan	10 February 2017 (1 year term); reappointed 10 February 2018 until 9 February 2019 (1 year term); reappointed for further 2 years to 9 February 2021	2 years		Member	Audit Committee	8/11 73%
Ms Y Williams	03 January 2012		31 December 2019	Principal and Chief Executive	Finance and Resources, Search and Governance, HE and Quality and Standards Committee.	23/26 88%

Members' terms of office vary between one and four years. All initial appointments are for one year which may be extended to a full four-year term upon successful completion of a probationary review with the Chair of the Corporation. Whilst the Corporation was working towards the implementation of the recommendations arising from the Area Based Review reappointments and new appointments from January 2017 were limited to 12 months. This limit was lifted by the Corporation on 20 June 2018 when it approved recommendations from Search and Governance Committee to offer reappointments of 2 years. In 2018/19 the Corporation returned to considering four year terms of office.

### **Corporation Meetings**

During 2018/19 there were 33 official meetings of the Corporation and its Committees. Attendance of governors for the past three years by meeting is shown below:

<b>Year</b>	<b>No. of Meetings</b>	<b>Actual Attendance</b>	<b>Possible Attendance</b>	<b>Percentage</b>
2018/19	33	214	250	86%
2017/18	32	223	282	79%
2016/17	30	196	244	80%

Attendance of governors for the past three years by membership is shown below:

	2018/19	2017/18	2016/17
Governors	85%	76%	83%
Students	79%	67%	75%
Staff	89%	100%	77%
Principal	88%	96%	92%

Attendance of governors for the past three years by Category of meeting by is shown below

	2018/19	2017/18	2016/17
<b>Corporation</b> <i>(including Strategic Planning Conference)</i>			
Governors	81%	71%	77%
Students	75%	79%	78%
Staff	80%	100%	73%
Principal	100%	100%	100%
<b>Committees</b>			
Governors	88%	82%	87%
Students	83%	50%	73%
Staff	100%	100%	82%
Principal	85%	93%	89%

### **Appointments since 31 July 2019**

Since 31 July 2019 the following appointments have been made:

Ms Louise Nixon – Academic Staff Governor from 14.10.2019 to 13.10.2020.

### **Resignations and retirements since 31 July 2019**

There have been no resignations or retirements since 31 July 2019.

Ms. Anne-Marie Nixon was the Director of Governance during the period 1 August 2018 to 31 July 2019.



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 quality of the provision, the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, staffing-related matters and legal requirements e.g. health and safety, safeguarding and Prevent. The Corporation met 6 times during 2018/19 and in addition it held a Strategic Planning Conference.

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are: Search and Governance Committee; Remuneration Committee; Audit Committee; Finance and Resources Committee; Quality and Standards Committee; HE Committee, Appeals Committee; Appointment Panel for Senior Post Holders and Pay Review Committee. Where the Committee does not have delegated powers for the determination of a matter it will make a recommendation for the Corporation Board to consider and confirm or otherwise. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website ([www.hughbaird.ac.uk](http://www.hughbaird.ac.uk)) or from the Director of Governance at:

Hugh Baird College

Balliol Road

Bootle

L20 7EW

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 (and in accordance with the Instrument and Articles of Government), prior to Board meetings. Briefings are provided on an ad hoc basis.

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

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

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, consisting of four members of the Corporation, which is responsible for the selection

and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years. Each member can serve the equivalent of two four-year terms of office with a third four-year term (maximum 12 years) by exception.

### **Corporation performance**

The Corporation commissioned an internal audit review of governance – board effectiveness in 2018/19 and as part of the audit the College's internal auditors attended the October 2018, November 2018 and March 2019 Corporation meetings in order to review the oversight and decision-making processes in practice. In addition, auditors reviewed the governance self-assessment process and responses to a governance questionnaire sent to all members. This audit resulted in a substantial assurance opinion and no management recommendations and was reported to Audit Committee on 22 May 2019 (with the minutes of Audit Committee presented to the Corporation on 19 June 2019). In addition, the Corporation conducts an annual appraisal of its performance which for 2018/19 will include the detailed commentary on compliance with and application of the Code of Good Governance for English Colleges. The Chair and Vice Chair of the Corporation review the individual governors' appraisal records and the outcomes are used to inform the governance section of the College-wide Leadership and Management Self-Assessment Report which is approved by the Corporation every December. In December 2018 the Corporation reviewed the SAR following a detailed validation process which included governors serving on the interview panel and accompanying managers from their respective link governor areas.

### **Remuneration Committee**

Throughout the year ending 31 July 2019 the College's Remuneration Committee comprised five members of the Corporation - the Chairs of the Corporation's Committees plus the Chair and Vice Chair of the Corporation. The Committee's responsibilities are to monitor and challenge the senior post holders' progress towards their agreed targets and to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.

The College has adopted the AoC's Senior Staff Remuneration Code with effect from September 2019 and complies with its requirements. The report was presented to Corporation on 9 October 2019.

## **Remuneration Committee Annual Report to Hugh Baird Corporation for 2018-19**

### **Introduction**

Hugh Baird Corporation has established a Remuneration Committee with agreed terms of reference (attached as Appendix 1). The Committee's key tasks are:

- To advise and make recommendations to the Corporation in relation to the salaries to be paid to the senior postholders.
- To advise and make recommendations to the Corporation on any benefits, other than salary, that are to be included in the remuneration package paid to the senior postholders.
- To prepare a statement, which will be open to the public, and which will set out the Corporation's policy in relation to the pay and conditions of the senior postholders.
- To advise and make recommendations to the Corporation on performance targets and goals against which the remuneration packages of senior post holders can be measured and which may or may not lead to performance related payments as may be determined by the Corporation.
- To advise and make recommendations to the Corporation on any compensation which may be payable in the event of the early termination of employment of a senior postholder.

Remuneration Committee membership is approved by the Corporation and comprises the Chair and Vice Chair of the Corporation and Chairs of all its Committees – current membership is as follows:

- David Crosby, Chair of the Corporation and Chair of Quality and Standards and Search and Governance Committees;
- Mark Robinson, Vice Chair of the Corporation and Chair of Remuneration Committee;
- Beverley Rice, Chair of Audit Committee;
- Andrew Gibbons, Chair of Finance and Resources Committee;
- Ross Dawson, Chair of HE Committee

In 2018/19 Remuneration Committee met on two occasions on 8 February 2019 and 19 June 2019 and attendance was:

	<b>08.02.19</b>	<b>19.06.19</b>	<b>Actual</b>	<b>Possible</b>	<b>% Member</b>	
<b>Crosby, Mr D</b>	√	√	2	2	100%	
<b>Gibbons, Mr A</b>	√	√	2	2	100%	
<b>Rice, Ms B</b>	√	√	1	2	50%	
<b>Robinson Mr M</b>	√	√	2	2	100%	
<b>Dawson, Mr R</b>	N/A	√	1	1	100%	
			<b>8</b>	<b>9</b>	<b>89%</b>	<b>Overall Total</b>

The College's key strategic objectives are detailed in the 2017-19 strategic plan which was reviewed by the Corporation during 2018/19 and on 19 June 2019 the 2019-21 strategic plan was approved following detailed discussion at Corporation meetings on 8 February 2019; 27 March 2019 and 19 June 2019. Key performance indicators are based on the strategic plan and senior post holder targets are aligned to the key strategic priorities.

The Corporation's designated senior postholders for 2018/19 were:

Yana Williams – Principal and Chief Executive

Matt Larkin – Vice Principal Finance and Resources

David Rigby – Vice Principal Curriculum and Quality

Cath Sullivan – Vice Principal People, Organisational Development and Culture

Anne-Marie Nixon – Director of Governance

### **Corporation's Approach to Remuneration of Senior Postholders - Remuneration Committee Policy Statement**

#### **1. Key principles and statutory framework**

The Board is responsible, under its Instrument and Articles of Government for the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of designated senior posts, including the Director of Governance.

The Board observes the Seven Principles of Public Life, published in the Nolan Committee report 1996 in its conduct: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty and Leadership.

#### **2. Purpose**

To provide a framework for the determination and annual review of the pay of senior postholders that is fair, transparent and equitable.

#### **3. Responsibilities**

**The Board** approves any annual Cost of Living pay award for all staff, following AOC recommendations and the recommendations of the Principalship.

**The Board delegates to the Remuneration Committee** authority to recommend the pay of the Principal and Chief Executive Officer and other designated senior postholders within the framework set by this policy.

**The Chair of the Board** is responsible for the performance review of the Principal and Chief Executive and the Director of Governance and for reporting outcomes to the Remuneration Committee. This responsibility may be delegated to a Vice Chair of the Board if required.

**The Principal and Chief Executive** is responsible for the performance review of other designated senior postholders and for reporting outcomes and making recommendations on pay to the Remuneration Committee.

**The Director of Governance** is responsible for providing advice on procedural and governance matters, for sharing governance best practice and for recording the deliberations of the Remuneration Committee on all items other than the Director of Governance's performance and pay.

The Committee and the Director of Governance shall have access to independent advice if and when required.

#### **4. Monitoring and Review of the Policy**

This policy will be reviewed at least every three years by the Board, on recommendation by the Committee, or as circumstances require (e.g. a change in legislative framework)

#### **5. Policy statement**

In setting the pay and conditions of service of designated senior postholders, the Board's objectives are to:

- Recruit and retain high calibre staff
- Aspire to pay appropriate rates for the sector, of at least the median of the range of pay for equivalent level staff
- Motivate staff and reward achievement
- Plan for the succession of staff

#### **6. Appraisal Process**

- All senior post holders will have an annual appraisal conducted in September / October of each year where the performance of the prior academic year will be reviewed. Performance and development objectives for the current academic year due for completion by 31 July each year will also be reviewed at this meeting.
- Senior postholders will also have two progress review meetings each year, at which performance to date against that year's objectives will be discussed and objectives relating to the forthcoming academic year will be set.
- The appraisal of the Principal and Chief Executive and the Director of Governance will be conducted by the Chair and the appraisal of all other senior postholders shall be conducted by the Principal and Chief Executive.
- The Remuneration Committee will receive a report on the appraisal outcomes of all designated senior postholders to inform the pay award process.
- Minutes of the previous Remuneration Committee meetings will also be provided to support the decision making of the Committee.

## **7. Procedures for determining pay and conditions of service**

The following factors shall be taken into account in any annual review of pay and conditions of service:

- The College's commitment to equality and diversity as expressed in its equality and diversity policy
- Salary benchmark data for same-level staff in comparable colleges (derived from the AOC Survey of Remuneration of Management Staff and Senior Postholders)
- Economic conditions and competitive forces within the City Region and sector as a whole
- Pay awards given to the wider College staff (on the basis that the annual award for senior postholders shall not normally exceed that offered to College staff)
- Affordability, as determined by the College's financial performance
- Whole College performance against the strategic objectives and Key Performance Indicators approved by the Board
- Individual performance against objectives set as part of the annual appraisal process
- Demands of the role over the last year in addition to the normal working hours attached to the post.
- There is no provision for performance-related pay for senior postholders, nor any provision for annual bonus arrangements.
- Allocation of additional duties and changes in responsibilities for senior postholders shall be addressed outside of any discussion of annual pay awards
- The Corporation as employer will make pension contributions for senior postholders as is its practice for all staff, to either the Teachers' Pension Fund or the Merseyside Pension Fund and this will be confirmed in the statement of particulars in the appointment letter.

Any pay award or changes to terms and conditions agreed by the Remuneration Committee for a designated senior postholder, will take effect from 1 August unless otherwise agreed by the Remuneration Committee.

The Chair of the Remuneration Committee will write formally to designated senior postholders to advise of any pay award or changes to terms and conditions agreed by the Remuneration Committee.

If a pay award or change to terms and conditions of service approved by the Remuneration Committee is not fully accepted by the post holder, a specially convened meeting of the Remuneration Committee will take place at the earliest opportunity to note the non-acceptance and the implications of this. This meeting will be called by the Chair of the Remuneration Committee. The Remuneration

Committee has the authority to alter or withdraw any pay award or change to terms and conditions which is not fully accepted.

The Chair of the Remuneration Committee will provide the minutes of Remuneration Committee to the Board to advise on the outcome of the appraisals of designated senior postholders. The minutes will include whether any pay awards or changes to terms and conditions of service have been made (in line with the pre-determined criteria set out at section seven above) and the Chair will report whether or not such awards have been accepted.

## **8. Income Derived from External Activities**

The Corporation recognises the benefit of staff representing the College on various sector bodies and boards during the course of their normal working week. Provision for staff undertaking civic responsibilities at other organisations is addressed in the College's Human Resources policies and procedures.

The Corporation supports the sharing of best practice across the sector and acknowledges that from time to time senior postholders may be invited to share their sector-based expertise freely or for a consultancy fee. Such work may be conducted during the individual's normal working hours, subject to operational demands. Any consultancy fees associated with this work will be treated as College income to compensate for the time the individual has spent away from College duties. In all circumstances, senior postholders will be expected to demonstrate the benefit to the College as part of their appraisal reviews.

Where external income is derived from non-sector based external activities, all senior postholders will be required to declare this interest upon appointment to the College or at the time of external approach (if already employed) and obtain in advance the written approval of the Corporation engaged in the activity and retain income earned. Such activity, where approved, must be undertaken in the individual's own time and it is the individual's responsibility to declare income received to the appropriate agencies in order for the individual to retain the income.

In the event of a senior postholder being employed on a part-time or consultancy basis and wishing to engage in other paid employment, the advance approval of the Corporation is required, in addition to the interest being declared in accordance with the Corporation's declaration of interests procedure.

## **9 Principal and Chief Executive's Earnings for 2018/19**

The current value for the College of the pay multiple of the Principal and Chief Executive's earnings against the median of all staff, plus details of how this indicator has changed over an extended period of time is stated as:

		2019		2018		2017
Principal's basic salary as a multiple of the median of all staff		5.1		5.07		5.16
Principal and CEO's total remuneration as a multiple of the median of all staff		5.26		5.2		5.3

## 10 Institutional Performance and Performance Related Pay

As stated above it is the Corporation's policy not to make any performance related or bonus pay awards for senior postholders.

In 2018/19 all senior postholders received a 1% pay award, following Remuneration Committee's review of performance against targets and in accordance with the all staff pay award for the year.

## 11 Payment of Expenses

The Corporation has approved an expenses policy for all staff including senior postholders and this is detailed within Financial Regulations. During 2018/19 the following travel expenses to approved sector based external events and meetings were approved in accordance with Financial Regulations. Where individuals were travelling by public transport orders were raised in advance, wherever possible and tickets purchased via a corporate credit card.

	<u>Mileage</u>	<u>Train*</u>	<u>Air</u>	<u>Other**</u>	<u>Total</u>
Y Williams	-	1,748.79	-	50.00	1,798.79
AM Nixon	38.13	694.97	-	-	733.10
M Larkin	8.50	116.00	-	-	124.50
D Rigby		1,002.05	102.06	50.00	1,154.11
C Sullivan	-	-	-	-	-
<b>Total</b>	<b>46.63</b>	<b>3,561.81</b>	<b>102.06</b>	<b>100.00</b>	<b>3,810.50</b>

\*tickets are purchased at standard class except where there was evidence that first class travel was cheaper at the time of booking



**\*\* taxi and subsistence for 2 day AoC Annual Conference**

*Recommended to Remuneration Committee on 9 October 2019, policy statement last reviewed 19 October 2016.*

Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the financial statements.

### **Audit Committee**

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

The Audit Committee meets at least termly 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 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 annual plan 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.

### **Search and Governance Committee**

During 2018/19 Search and Governance Committee met five times and fulfilled its terms of reference in relation to advising the Corporation on all matters relating to its composition and the development of governance best practice. Minutes of all meetings are available on the College website. During 2018/19 the Committee advised the Corporation on succession planning, recommended appointments, reviewed the role descriptions, person specifications and skills audit of governors in addition to consideration of compliance with the Code of Good Governance.

### **Finance and Resources Committee**

During 2018/19 Finance and Resources Committee met seven times and scrutinised and challenged management reports on the College's financial position at each meeting. Each of the six meetings focussed on the efficient and effective use of

resources, the solvency of the institution and the progress of the 2018/19 budget. Consideration was also given to the draft estimates of income and expenditure for 2019/20 before being formally approved by the Corporation on 19 June 2019. The Committee has detailed terms of reference approved by the Corporation and a detailed schedule of business including regular training sessions was approved at the first meeting of the academic year. The Committee (including the Principal and Chief Executive as a member) provided clear direction on the development of the 2019/20 budget which would enable the College to meet its bank loan covenants and retain outstanding financial health.

### **Quality and Standards Committee**

The Quality and Standards Committee met four times during 2018/19 and has detailed terms of reference approved by the Corporation. The Committee agrees an annual schedule of business (including opportunities for continuous professional development for Committee members) at its first meeting each academic year and on 16 October 2019 an annual report of its work will be presented to the Corporation. The annual report for 2017/18 identified key areas of strength and weakness and the Principalship has implemented performance improvement action plans to address weaknesses. In addition to the Committee's scrutiny and challenge of success rates, governors participate in the validation panel scrutiny of the College-wide self-assessment report before the final report is submitted for Board approval in December. During 2017/18 Governors enlisted the support of a National Leader of Governance to provide advice on best practice in management reporting of curriculum and quality issues and to address the point relating to information to governors raised during the February 2018 Ofsted inspection. The outcome of this support is a College-wide quality report which has been submitted to every meeting of Quality and Standards Committee during 2018/19, with an executive summary of performance against corporate key performance indicators to all meetings of 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 and Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Hugh Baird College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hugh Baird College for the year ended 31 July 2019 and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

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

#### *The risk and control framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the 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.

Hugh Baird College has retained an internal audit service, which operates in accordance with the requirements of the ESFA's *Joint 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. The Internal Audit Partner provides the governing body with an annual report on internal audit activity in the College, following review and detailed discussion with the Audit Committee. The report includes the internal auditors' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### *Review of effectiveness*

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

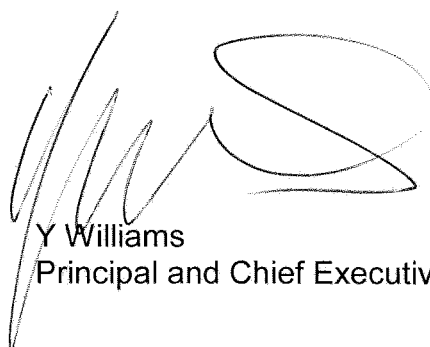
The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes recommendations and detailed minutes of all meetings of Audit Committee throughout the year. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2019 meeting, the Corporation will be carrying out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2019.

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

Approved by order of the members of the Corporation on 27 November 2019 and signed on its behalf by:



D Crosby  
Chair of the Corporation




Y Williams  
Principal and Chief Executive

## Statement of Regularity, Propriety and Compliance

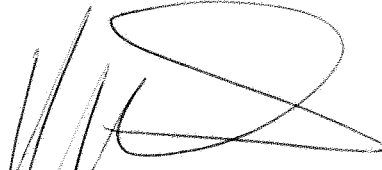
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding and agreement and contracts with ESFA. As part of our consideration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

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

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



D Crosby  
Chair of the Corporation  
Date: 11/12/2019



Y Williams  
Principal and Chief Executive  
Date: 11/12/19

## **Statement of the Responsibilities of the Members of the Corporation**

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

Within the terms and conditions of the College's grant funding agreements with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting and standards have been followed, subject to a material departure disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the 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 27 November 2019 and signed on its behalf by:

Signed on behalf of the Corporation

A handwritten signature in black ink, appearing to be 'D Crosby', with a long horizontal stroke extending to the right.

D Crosby  
Chair of the Corporation

Date: 11/12/2019

**HUGH BAIRD COLLEGE  
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF HUGH BAIRD  
COLLEGE FOR THE YEAR ENDED 31 JULY 2019**

**Opinion**

We have audited the financial statements of Hugh Baird College (the 'college') for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 college's affairs as at 31 July 2019, and of its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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



## **Other information**

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Corporation 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 Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the college or to cease operations, or have no realistic alternative but to do so.

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

Our responsibility is to audit and express an opinion the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](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 Corporation, as a body, in accordance with the Financial Memorandum published by Skills Funding Agency.

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

**Wylie & Bisset LLP**  
Chartered Accountants  
Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP



Date: 16/12/19

## **REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY**

**To: The Corporation of Hugh Baird College and Secretary of State for Education, acting through the Department for Education ('the Department')**

In accordance with the terms of our engagement letter dated 23 September 2016 and further to the requirements of the financial memorandum with Education and Skill Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Hugh Baird College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

### **Respective responsibilities of Hugh Baird College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

## Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Wylie & Bisset LLP**  
Chartered Accountants  
Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP

Date: 16/12/19

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 AUGUST 2018 TO 31 JULY 2019

<u>Income</u>	Notes	2019 £'000	2018 £'000
Funding body grants	2	15,120	14,106
Tuition fees and education contracts	3	5,195	5,451
Donation of fixed assets	10	-	1,951
Other income	4	2,488	1,228
Investment income	5	13	6
<b>Total Income</b>		<b>22,816</b>	<b>22,742</b>
 <u>Expenditure</u>			
Staff costs	6	15,308	14,638
Fundamental restructuring costs	6	5	143
Other operating expenses	7	6,061	4,951
Interest payable	8	290	332
Depreciation	10	1,432	1,416
<b>Total expenditure</b>		<b>23,096</b>	<b>21,480</b>
<b>(Deficit)/surplus before gains and losses</b>		<b>(280)</b>	<b>1,262</b>
<b>(Deficit)/surplus before tax</b>		<b>(280)</b>	<b>1,262</b>
Taxation	9	-	-
<b>(Deficit)/surplus for the year</b>		<b>(280)</b>	<b>1,262</b>
Actuarial (loss)/gain in respect of pension schemes	16	(4,320)	2,613
<b>Total Comprehensive Income for the year</b>		<b>(4,600)</b>	<b>3,875</b>

# STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> August 2018</b>	<b>5,008</b>	<b>1,349</b>	<b>6,357</b>
Surplus from the income and expenditure account	1,262	-	1,262
Other comprehensive income	2,613	-	2,613
Transfers between revaluation and income and expenditure reserves	59	(59)	-
Total comprehensive income for the year	3,934	(59)	3,875
<b>Balance at 31<sup>st</sup> July 2018</b>	<b>8,942</b>	<b>1,290</b>	<b>10,232</b>
(Deficit) from the income and expenditure account	(280)	-	(280)
Other comprehensive income	(4,320)	-	(4,320)
Transfers between revaluation and income and expenditure reserves	59	(59)	-
Total comprehensive income for the year	(4,541)	(59)	(4,600)
<b>Balance at 31<sup>st</sup> July 2019</b>	<b>4,401</b>	<b>1,231</b>	<b>5,632</b>

## BALANCE SHEET AS AT 31 JULY 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	10	30,093	29,326
<b>Current assets</b>			
Debtors	11	847	820
Cash at bank and in hand	15	<u>3,352</u>	<u>3,268</u>
Total current assets		4,199	4,087
Creditors: amounts falling due within one year	12	3,127	3,520
Total net current assets		1,072	567
<b>Total assets less current liabilities</b>		<b>31,165</b>	<b>29,893</b>
<b>Creditors:</b> amounts falling due after more than one year	13	14,057	13,335
<b>Net assets excluding pension liability</b>		17,108	16,558
Net pension liability	16	<u>(11,476)</u>	<u>(6,326)</u>
<b>Net assets including pension liability</b>		<u>5,632</u>	<u>10,232</u>
<b>Reserves</b>			
Revaluation reserve		1,231	1,290
Income & expenditure account		15,877	15,268
Restricted reserve		-	-
Pension reserve		<u>(11,476)</u>	<u>(6,326)</u>
<b>Total</b>		<u><b>5,632</b></u>	<u><b>10,232</b></u>

The financial statements on pages 46 to 69 were approved by the Corporation on 27 November 2019 and were signed on its behalf by:

\_\_\_\_\_  
D. Crosby  
Chair of the Corporation

\_\_\_\_\_  
Y. Williams  
Principal and Chief Executive



## STATEMENT OF CASHFLOWS

FOR THE PERIOD FROM 1 AUGUST 2018 TO 31 JULY 2019

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities:</b>			
(Deficit) / surplus for the year		(280)	1,262
<b>Adjustment for non-cash items</b>			
Depreciation	10	1,432	1,416
Increase in debtors	11	(27)	(325)
Increase / (decrease) in creditors due within one year	12	(402)	251
Increase / (decrease) in creditors due after one year	13	954	1,961
Donation of fixed assets	10	-	(1,951)
Pensions costs less contributions payable	16	660	544
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(13)	(6)
Interest payable	8	290	332
<b>Net cash flow from operating activities</b>		<b>2,614</b>	<b>3,484</b>
<b>Cash flows from investing activities</b>			
Investment income	5	13	6
Payments to acquire fixed assets	10	(2,200)	(3,066)
		<b>(2,187)</b>	<b>(3,060)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(120)	(129)
Repayments of amounts borrowed	12	(223)	(214)
		<b>(343)</b>	<b>(343)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>84</b>	<b>81</b>
Cash and cash equivalents at the beginning of the year		3,268	3,187
Cash and cash equivalents at the end of the year		<b>3,352</b>	<b>3,268</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1<sup>ST</sup> AUGUST 2018 TO 31<sup>ST</sup> JULY 2019**

**1. STATEMENT OF ACCOUNTING POLICIES**

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 2015 (the 2015 FE HE SORP), the Accounts Direction for 2018/2019 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 the management to exercise judgement in applying the College's accounting policies.

**Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention.

**Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £2,711,000 of loans outstanding with bankers on terms negotiated in 2013. The terms of the existing agreement are for up to another 10 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants going forwards.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

## **Recognition of Income**

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.

Government revenue grants include funding body recurrent grants are recognised in line with best estimates for the period for what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded

## **Post Employment Benefits**

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

### **Teachers Pension Scheme (TPS)**

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

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### **Merseyside Pension Fund (MPF)**

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

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

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

#### **Short Term Employment Benefits**

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

#### **Tangible Fixed Assets**

##### **a) Land and Buildings**

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at their valuation at the time of incorporation.

Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the College or 40 years, whichever is the shorter.

Where land and buildings are acquired or modified with the aid of specific grants they are capitalised and depreciated as above. The related grants are

credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

#### b) Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Inherited equipment has been fully depreciated. All other equipment is depreciated over its useful economic life on a straight line basis as follows:

Motor vehicles and general equipment	10 years
Computer equipment	5 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the useful economic life of the related equipment.

#### **Leased assets**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### **Maintenance of Premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period in which it is incurred.

#### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 a minor element of 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.

## **Provisions and contingent liabilities**

Provisions would be recognised when:

- The College has a present legal or constructive obligation as the 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.

## **Cash and cash equivalents**

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

## **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 20 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

**2. FUNDING BODY GRANTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
ESFA Recurrent Grant (16-18)	9,035	8,761
ESFA Recurrent Grant (Adults)	1,982	1,967
ESFA Apprentices	1,744	1,428
ESFA 14 – 16 Funding	950	960
ESFA Pupil Premium	107	70
Release of deferred capital grants	457	396
ESFA PCDL	113	113
ESFA Thornton LLDD	495	411
WEX Capital Funding	237	-
	<b>15,120</b>	<b>14,106</b>

**3. TUITION FEES AND EDUCATION CONTRACTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
UK Further Education students	100	176
UK Higher Education students	3,572	3,992
	<b>3,672</b>	<b>4,168</b>
LEA	43	44
Construction Skills	217	196
Advanced Learner Loans	653	525
Thornton – Sefton MBC	610	503
Sport England Lottery Grant	-	15
	<b>5,195</b>	<b>5,451</b>

**4. OTHER INCOME**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Examination fees	1	3
Sales and other income	2,487	1,225
	<b>2,488</b>	<b>1,228</b>

**5. INVESTMENT INCOME**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	13	6

## 6. STAFF NUMBERS AND COST

The average number of persons (including senior post holders) employed by the College during the year, expressed as full time equivalents was:

	2019 Numbers	2018 Numbers
Teaching Staff	213	196
Non-Teaching Staff	239	238
	<u>452</u>	<u>434</u>

	2019 £'000	2018 £'000
<b>Staff costs for the above persons:-</b>		
Wages and Salaries	11,679	11,481
Social Security Costs	1,048	1,041
Other Pension Costs	2,586	2,259
<b>Total Staff Costs</b>	<u>15,313</u>	<u>14,781</u>

Fundamental restructuring costs	5	143
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During the year, restructuring costs were £5,000 (2018: £143,000).

The number of staff, including senior post-holders (shown in brackets) and the Principal and Chief Executive who is also the accounting officer, who received emoluments, excluding pension contributions and employer contributions to national insurance but including benefits in kind, in the following ranges was:

	2019	2018
£60,001 - £65,000	1(0)	1(1)
£65,501 - £70,000	1(0)	2(0)
£70,001 - £75,000		4(1)
£75,001 - £80,000	3(3)	
£85,001 - £80,000		
£120,001 - £125,000		
£125,001 - £130,000		
£130,001 - £135,000	1(1)	1(1)
	<u>6</u>	<u>8</u>



## KEY MANAGEMENT PERSONNEL

Senior post-holders are defined as the Principal and Chief Executive and holders of the other senior posts whom the Corporation have selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Corporation.

	2019 Number	2018 Number
The number of senior post-holders including the Principal and Chief Executive	5	4
<b>Senior post-holders' emoluments are made up as follows:</b>	<b>£</b>	<b>£</b>
Salaries	414,503	325,721
Benefits in kind	-	-
Pension contributions	63,811	45,341
	<b><u>478,314</u></b>	<b><u>371,062</u></b>

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid senior post holder) of:

	2019	2018
	<b>£</b>	<b>£</b>
Salary	132,612	132,654
Benefits in kind	-	-
Pension contributions	21,855	21,861
Total emoluments	<b><u>154,467</u></b>	<b><u>154,515</u></b>

The pension contributions in respect of the Principal and Chief Executive and senior post holders are in respect of employer's contributions to the Teachers' Pension and Merseyside Pension Fund and are paid at the same rate as for other employees.

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

The remuneration package of Senior postholders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of

the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Governing body, who undertakes an annual review of their performance against the Colleges overall objectives using both qualitative and quantitative measures of performance.

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

	<b>2019</b>	<b>2018</b>
Principal's basic salary as a multiple of the median of all staff	5.1	5.07
Principal and CEO's total remuneration as a multiple of the median of all staff	5.26	5.2

## 7. OTHER OPERATING EXPENSES

	2019 £'000	2018 £'000
Teaching Costs	2,059	1,893
Non-Teaching Costs	2,002	1,858
Premises Costs	2,000	1,200
	<u>6,061</u>	<u>4,951</u>

Other operating expenses include:

Auditor's remuneration

- external audit	24	22
- external audit (non-audit services)	-	7
- internal audit	25	20
Hire of plant and machinery:		
- operating leases	66	54

## 8. INTEREST PAYABLE

	2019 £'000	2018 £'000
Pension finance costs (note 16)	170	203
Interest Cost on Bank Loan	120	129
<b>Total</b>	<u>290</u>	<u>332</u>

During the period, loan interest of £119,650 (2017-18 £128,517) was paid to Lloyds Bank. The loan is being paid on a fixed rate of 4.2% over a term of 15 years.

## 9. 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 Chapter 3 Part 11 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 a minor element of 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.

## 10. TANGIBLE FIXED ASSETS

	<b>Freehold Land and buildings £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation At 1 August 2018</b>	<b>39,626</b>	<b>14,198</b>	<b>53,823</b>
Additions	1,327	872	2,200
At 31 July 2019	<u><b>40,953</b></u>	<u><b>15,070</b></u>	<u><b>56,023</b></u>
<b>Depreciation</b>			
At 1 August 2018	12,035	12,463	24,498
Depreciation Charge	899	533	1,432
At 31 July 2019	<u><b>12,934</b></u>	<u><b>12,996</b></u>	<u><b>25,930</b></u>
<b>Net book value at 31 July 2019</b>	<u><b>28,019</b></u>	<u><b>2,074</b></u>	<u><b>30,093</b></u>
<b>Net book value at 31 July 2018</b>	<u><b>27,456</b></u>	<u><b>1,870</b></u>	<u><b>29,326</b></u>

During £2018/19 financial year, the College entered into an agreement with Sefton Council to take on the operation of South Sefton Sixth Form College including its property. The valuation of the property of £1,951k is included in 2018/19 additions.

Land & Buildings were valued at incorporation at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local authority at incorporation have been valued by the College on a depreciated replacement cost basis. The College does not have a policy for revaluation.

## 11. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
Trade receivables (net of bad debts provision)	191	203
Prepayments and accrued income	656	617
	<u>847</u>	<u>820</u>

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Payments on account	546	724
Trade creditors	322	409
Taxation and social security	134	179
Accruals	1,213	1,173
Deferred income – government capital grants	458	454
Deferred income – government revenue grants	222	358
	<u>2,895</u>	<u>3,297</u>
Bank Loans	<u>232</u>	<u>223</u>
Creditors falling due within one year	<u>3,127</u>	<u>3,520</u>

## 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Deferred income – government capital grants	11,578	10,624
	<u>11,578</u>	<u>10,624</u>
Bank Loans	<u>2,479</u>	<u>2,711</u>
Creditors falling due after more than one year	<u>14,057</u>	<u>13,335</u>

#### 14. MATURITY OF DEBT

Bank loans are repayable as follows:	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
In one year or less	232	223
Between one and two years	241	232
Between two and five years	494	1,034
In five or more years	1,744	1,445
	<u><b>2,711</b></u>	<u><b>2,934</b></u>

#### 15. CASH AND CASH EQUIVALENTS

	<b>At 1</b> <b>August</b> <b>2018</b> <b>£'000</b>	<b>Cashflows</b>  <b>£'000</b>	<b>At 31</b> <b>July</b> <b>2019</b> <b>£'000</b>
Cash and cash equivalents	3,268	84	3,352
<b>Total</b>	<u><b>3,268</b></u>	<u><b>84</b></u>	<u><b>3,352</b></u>

## 16. DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two pension schemes, the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). Both are defined benefit schemes.

Total Pension Cost for the year	2019	2018
	£'000	£'000
Teachers' Pension Scheme: Contributions paid	978	932
Merseyside Pension Scheme: Contributions paid	612	615
FRS 102 (28) charge	269	523
<b>Total Pension Cost for the year within staff costs</b>	<b>1,859</b>	<b>2,070</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the Teachers' Pension Scheme was 31 March 2016 and the Merseyside Pension Scheme was 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 TPA 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 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 the regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £20 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared with 16.48% during 2018-19). DfE has 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 the TPS in the year amounted to £1,501,000 (2018 £1,486,000).

## **MERSEYSIDE PENSION FUND**

The MPF is a funded defined benefit plan, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2019 was £875,000, of which employer's contributions totalled £612,000 and employees' contributions totalled £263,000. The agreed contribution rate for 2018/19 was 14.3% for employers and between 5.5% and 12.5% for employees, depending on salary.

### **Principal Actuarial Assumptions**

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

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



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

	<b>At 31 July 2019 Years</b>	<b>At 31 July 2018 Years</b>
<i>Retiring Today</i>		
Males	22.2	22.0
Females	25.0	24.8
<i>Retiring in 20 years</i>		
Males	25.2	25.0
Females	27.9	27.8

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

	<b>2019</b>		<b>2018</b>	
	<b>Long Term rate of Return expected at 31.7.19</b>	<b>Fair Value at 31.7.19 £'000</b>	<b>Long Term rate of Return expected at 31.7.18</b>	<b>Fair Value at 31.7.18 £'000</b>
Equities	39.3%	8,616	41.4%	8,352
Government Bonds	6.8%	1,491	6.5%	1,311
Other Bonds	22.8%	4,998	22.6%	4,559
Property	7.6%	1,666	7.2%	1,452
Cash/Liquidity	5.4%	1,184	5.9%	1,190
Other	18.1%	3,968	16.4%	3,308
<b>Total Market Value of assets</b>		<b>21,923</b>		<b>20,172</b>
Present value of scheme liabilities		(33,399)		(26,498)
Related deferred tax liability		-		-
<b>Deficit in the scheme</b>		<b>(11,476)</b>		<b>(6,326)</b>

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

	<b>2019 £'000</b>	<b>2018 £'000</b>
Fair value of plan assets	21,923	20,172
Present value of plan liabilities	(33,399)	(26,498)
<b>Net pensions liability</b>	<b>(11,476)</b>	<b>(6,326)</b>

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

**Amounts included in staff costs:**

	2019 £'000	2018 £'000
Current Service Cost	1,207	1,327

**Amounts included in Interest Payable:**

	2019 £'000	2018 £'000
Net interest income	170	203

**Amounts recognised in Other Comprehensive Income**

	2019 £'000	2018 £'000
Return on pension plan assets	639	768
Changes in assumptions underlying the present value of plan liabilities	(4,959)	1,845
<b>Amount recognised in Other Comprehensive Income</b>	<b>(4,320)</b>	<b>2,613</b>

**Movement in net defined benefit liability during the year**

	2019 £'000	2018 £'000
Deficit in scheme at 1 August	(6,326)	(8,192)
<b>Movement in year:</b>		
Current service cost	(1,207)	(1,327)
Employer contributions	938	804
Net interest/return on assets	(170)	(203)
Administration Cost	(21)	(21)
Past Service Cost	(370)	-
Actuarial loss	(4,320)	2,613
Deficit in scheme at 31 July	<b>(11,476)</b>	<b>(6,326)</b>

## Asset and Liability Reconciliation

### Changes in the present value of defined benefit obligations

	2019 £'000	2018 £'000
<b>Defined benefit obligations at start of period</b>	<b>26,498</b>	<b>26,492</b>
Current service cost	1,207	1,327
Interest cost	763	687
Member contributions	259	256
Past service cost	370	-
Experience gains and losses on defined benefit obligations	4,959	(1,845)
Estimated benefits paid	(657)	(419)
<b>Net benefit obligation at end of period</b>	<b>33,399</b>	<b>26,498</b>

### Change in fair value of plan assets

	2019 £'000	2018 £'000
<b>Fair value of plan assets at start of period</b>	<b>20,172</b>	<b>18,300</b>
Interest on plan assets	593	484
Remeasurements (assets)	639	768
Employer contributions	938	804
Member contributions	259	256
Benefits paid	(657)	(419)
Administration Expenses	(21)	(21)
<b>Fair value of plan assets at end of period</b>	<b>21,923</b>	<b>20,172</b>

## 17. CAPITAL COMMITMENTS

	2019 £'000	2018 £'000
LEP Capital Grants	-	1,562
Orders raised for the College Capital Programme 2019/20	54	
	<b>54</b>	<b>1,562</b>

## 18. FINANCIAL COMMITMENTS

At 31 July, the College had annual commitments under non-cancellable operating leases as follows:

	2019 £'000	2018 £'000
Expiring within one year	54	54
Expiring between two and five years inclusive	54	109
Expiring in five years or more	-	-
	<u>108</u>	<u>163</u>

## 19. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Corporation being drawn from local public and private sector organisations, it is inevitable that some transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest 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 £480.21 relating to 6 governors. (2018: £927.25: 8 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration, however waived payments of expenses during the year amount to £710.22 (2018: £982.44).

### **Liverpool City Region Academy Trust**

Hugh Baird College is the sponsor of Liverpool City Region Education Trust (LCRAT). Emslie Morgan Academy is the sole member school of the trust. Mr J Brown, Former Chair of Hugh Baird College, served as a trustee of Liverpool City Region Academy Trust until January 2019. Mr M Larkin, Vice Principal Finance and Corporate Services and Senior Postholder of Hugh Baird College, was appointed as Trustee of LCRAT on 12 September 2018.

During the year Hugh Baird College has invoiced Emslie Morgan Academy for £7,631, (2018: £11,798) in respect of accounting and administration services provided to the Trust during the year in accordance with the Service Level agreement with LCRAT.

## 20. LEARNER SUPPORT FUND

	2019 £'000	2018 £'000
Education Skills Funding Agency	1,174	935
Prior Year Release	-	23
Disbursed to Students	(1,039)	(815)
Administration Costs	(55)	(53)
<b>Balance unspent at 31 July, included in creditors</b>	<b>80</b>	<b>90</b>

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

