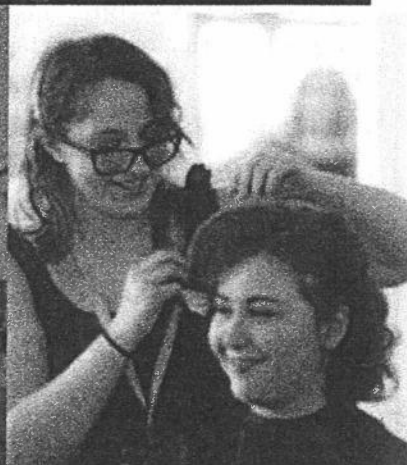
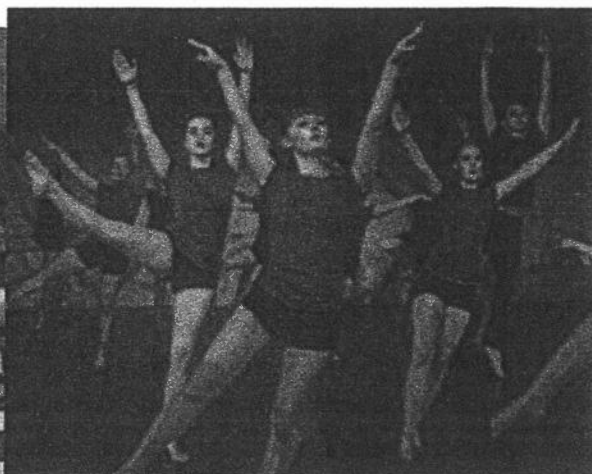
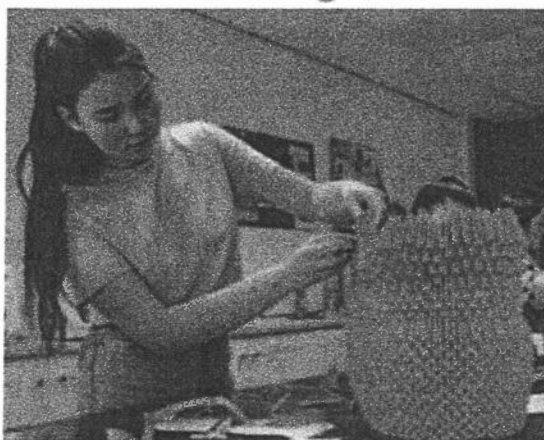


**Buckinghamshire
College Group**



**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2020**

Key Management Personnel, Board of Governors and Professional Advisers

KEY MANAGEMENT PERSONNEL

Key Management Personnel are defined as members of the College Executive and were represented by the following in 2019/20:

Karen Mitchell – Principal and CEO; Accounting Officer

Clare Rooney – Vice Principal Learning and Quality

John McGrath – Vice Principal Corporate Services

Isobel Ellison – Executive Director Human Resources

Rachael Murray – Executive Director of MIS and Planning

Richard Kirkham – Executive Director, Curriculum Design and Planning

Val Cumberland – Executive Director of Business Development and Marketing (left the College on 13 September 2019)

Jo Milsom – Executive Director, Student Support and Services (left the College on 15 January 2020)

Kath Dunn – Executive Director, Student Support and Services (appointed 24 February 2020)

BOARD OF GOVERNORS

A full list of governors is given on pages 17 and 18 of these financial statements.

Mrs A Smith is the Clerk to the Corporation and acted through the period.

PROFESSIONAL ADVISERS

Financial statements auditors and reporting accountants:

RSM UK Audit LLP

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Buckinghamshire

MK9 1BP

Internal auditors:

TIAA Ltd

Artillery House

Fort Fareham

Fareham

PO14 1AH

Bankers:

Lloyds Bank
249 Silbury Boulevard
Secklow Gate West
Milton Keynes
MK9 1 NA

Barclays Bank
Wytham Court
11 West Way
Oxford
OX2 0JB

Solicitors:

Kidd Rapinet
Walker House
George St
Aylesbury
HP20 2HU

Mills and Reeve
78 – 84 Colmore Row
Birmingham
B3 2AB

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2020.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Aylesbury College. The College is an exempt charity for the purposes of the Charities Act 1993, as amended by the Charities Act 2011.

As a result of its merger with Amersham & Wycombe College on 3 October 2017, the merged College has chosen to trade under the name *Buckinghamshire College Group*. This is a trading name only and the name of the underlying legal entity remains Aylesbury College.

Mission and vision

Following the merger of Amersham and Wycombe College with Aylesbury College in October 2017 we updated and published our Strategic Plan (which is available on the College's website). The new Strategic Plan 'The Big Bucks Ambition' 2018-2023 sets out the College's aims for the next five years to meet our mission and vision for those it serves; students, employers and the wider community.

The College's mission is *'to provide excellent vocational and professional skills, education and training that has a positive impact for young people, adults, businesses and the community we serve.'*

The College's vision is *'Buckinghamshire College Group will be recognised for providing excellence in skills, education and training that creates wealth to individuals, our employers, our communities and the local and regional economy.'*

The Strategic Plan sets out five strategic priorities to achieve our overall mission and vision:

Excellence – *We are ambitious and impatient to be excellent in all we do;*

Sustainable Futures – *Our high quality vocational, technical and professional skills training and education support positive sustainable futures for our students, employers and the communities we serve;*

Our People – *We are committed to attracting, retaining and developing a professional, self-disciplined and ambitious workforce dedicated to delivering positive outcomes for all;*

Growth and Development – *We have an excellent reputation as the provider of choice for skills training and education, positively affecting long-term organisational and economic growth and social well-being; and*

Financial Resilience and Investment – *To achieve strong healthy finances that enable investment and growth in learning for a sustainable future.*

Public Benefit

The College is an exempt charity under Part 3 of the Charities Act 2011 and its Principal Regulator is the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 17 & 18.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. 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 and learning;
- Widening participation and tackling social exclusion;
- Excellent employability development and progression outcomes;
- Highly effective student support systems;
- Strong positive working relationships with employers, industry, commerce and Local Enterprise Partnerships (LEPs).

Implementation of Strategic Plan

Despite the disruption caused by the COVID pandemic, the College has continued to make progress with the strategic priorities from the 'Big Bucks Ambition' Strategic Plan 2018-2023 for 2019/20:

- Ensuring the health, safety, well-being of staff, students and others remotely and whilst on College premises and/or on College activities;
- Ensuring that students experienced a good learning experience and are supported face to face and virtually to be successful and achieve their goals;
- Continued to improve teaching and learning graded 'good' or 'expert' to 76%, an improvement of 6%;
- The development of the Implementation Plan for T Level delivery in 2021/22;
- The continued development of strong key strategic employer relationships including further delivery of the CITB Skills 'Entry into Construction' in partnership with Eiffage Kier and the development of the Health and Social Care Academy with Bucks Healthcare Trust, Buckinghamshire Council and University Partners;
- Implementation of the workforce Recruitment, Retention and Reward Strategy;
- A further reduction in staff turnover and absence due to sickness;
- Delivery of the budgeted financial outturn for 2019/20;
- Significant progress with the longer-term curriculum and estates review;
- A successful Quality Assurance Agency (QAA) visit in January 2020, resulting in the 4 themes investigated being 'met with high confidence'.

Financial objectives and targets

To develop a sound financial operating position that meets the following targets:

- a sustainable medium term underlying operating surplus of 1-2% of turnover, with a long term objective of reaching 3-5%;
- positive operating cash flow year on year in order to fund growth and capital investment;
- maintain current ratio (current assets / current liabilities) above 1.0;
- minimum of 25 cash days;
- reduction in gearing / debt to income ratio.

Operate an effective financial control framework:

- robust financial controls with periodic audit review;
- monitor in year financial performance and take effective corrective action as required;
- operate a robust annual business planning and target setting process.

Meet requirements of funding / regularity body changes:

- provide accurate, unqualified timely returns to the Education and Skills Funding Agency (ESFA) and other bodies;
- ensure compliance with the College's payment policy;
- regular provider review dialogue with the ESFA.

Have an effective Value for Money culture throughout the College:

- providing guidance to management and governors on funding, budgeting and the College's financial regulations and policies;
- provide effective management information to allow for appropriate decision making;
- training staff to make use of financial systems and understand how to make better financial decisions.

Performance Indicators

Key Performance Indicators (KPIs) continue to be used to monitor the successful implementation of the objectives. These are aligned to the 'Big Ambition' Strategic Plan. During the year the College used 26 such indicators to monitor performance – of these 26, 11 related to curriculum excellence, 5 related to our staff, 6 related to growth and development and 4 related to investment and financial sustainability. The KPIs are monitored and reported on as part of the College's reporting cycle and reviewed with the governing body at Corporation meetings. A large number of the KPIs ultimately combine to produce the two most common measures that the College is judged against – financial performance and student achievement. These are described further below.

The College is committed to observing the importance of the sector measures and indicators through robust self-assessment against nationally published measures. The College is required to complete the annual finance record for the ESFA. The finance record produces a financial health grading. The current rating of Requires Improvement (renamed from what used to be called Satisfactory, having changed to be consistent with Ofsted measurements) is considered an acceptable outcome considering the challenges encountered since the 2017 merger and the national backdrop of a lack of funding in the Further Education (FE) sector.

FINANCIAL POSITION

Financial results

The College's underlying operating deficit in the year was £990k (2019: £740k). Please refer to the summary analysis below.

	2019/20 £'000	2018/19 £'000
College Underlying Operating Deficit *	(990)	(740)
Write back of / Share of Deficit in Joint Venture	3,130	(763)
Restructuring Costs	(1)	(66)
FRS 102 (28) charge	(1,554)	(1,742)
Surplus / (Deficit) per statutory accounts	585	(3,311)
Accumulated Reserve excluding Pension Reserve	24,427	22,254
Pension Reserve	(31,603)	(24,185)
Total Accumulated Reserves	(7,176)	(1,931)
Cash Balances	1,314	1,634

* before Joint Venture, Restructuring and FRS 102 (28) charges / adjustments.

A challenging budget was constructed for the 2019/20 year as core income from the 16-19 student group fell by £1.5m from the previous year because of lower recruitment. The College budgeted for an underlying deficit target of £1.3m (mitigating the impact of the lost income by 60%) and managed to achieve this target even allowing for the impact of COVID.

Unlike the previous year it was not possible to maintain the cash reserve at a level in excess of £1.5m and this dipped to £1.3m by year end. Nevertheless this was as per the College's internal target.

The impact of COVID in the year was not as significant as first expected. The relative lateness of the national lockdown in the academic year meant that the overwhelming majority of courses were completed as planned, following guidance from each of the awarding bodies as to how grades should be awarded. In addition, the protection afforded by the Government's job retention scheme meant that most apprenticeships were protected (in year). The College utilised the job retention scheme with approximately 20% of its staff on furlough at its peak (nearly all administrative or support roles), receiving £0.3m of Government grant in 2019/20 as a result. The College also cut back on costs wherever it could, including releasing agency staff. The net result meant that the original budget could be achieved which was a creditable result.

The outlook for 2020/21 is more uncertain and this is discussed later in this report.

Performance at these levels again breached existing bank covenants that were put in place with the banks at the time of the merger. It was known at the beginning of the year that this would be the case and the College has worked closely with its bankers (and other key stakeholders) to demonstrate the increased stability in the College's finances since the merger and neither bank has taken any action against the College as a result. In addition we have been working with both banks to refinance loans with a 3 year maturity that were due for renewal by October 2020. This was successfully completed by the required deadline and new covenants have been put in place. These covenants are based around the College's latest financial forecasts produced in July 2020, including a reasonable case impact for COVID. As a result we now stand a much improved chance of meeting bank covenants in the future.

Fixed asset additions during the year amounted to £292k. These were split between building improvements of £4k, equipment purchased of £275k and furniture additions of £13k. Intangible asset additions of £15k comprised entirely of computer software.

As noted in the 2018/19 report, the College reached an agreement with Buckinghamshire New University (BNU) to exit its joint venture with them (Buckinghamshire Education Skills and Training) with effect from 1 August 2019. This resulted from increasing concerns that the cash required to fund the joint venture could become a significant long term liability to the College. As part of this agreement the College has foregone its right to receive any repayment of loans made to the joint venture should it become profitable in future years. These loans had already been fully impaired by the College in previous years' accounts.

The exit from the joint venture mean that the College was able to recognise a one off gain of £3.1m in 2019/20 being the reversal of the joint venture losses recorded in the income and expense account for the preceding four years. It should be noted that this agreement with BNU was reached positively and with a view to strengthening our educational partnership over the coming years.

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 does not have a separate Treasury Management Policy in place but rather includes such objectives within its Financial Regulations.

Short term borrowing for temporary revenue purposes is authorised by the Corporation. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the ESFA. All borrowing complies with the requirements of the Financial Memorandum of the ESFA.

Cash flows

Operating cash flow was an £0.7m *inflow* for the year (2019: £1.4m *inflow*). This inflow was used to invest in asset purchases and to service debt. The net cash flow after these adjustments amounted to an *outflow* of £0.3m (2019: Nil).

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. Excluding Pension Reserve, as at the balance sheet date the College's Income and Expenditure reserve stands at £17.7m (2019: £15.6m) all of which is unrestricted. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College's primary funding comes from the ESFA for the 16-19 year student group and reflects the level of activity that it generates each year in terms of student numbers and achievements.

In 2019/20, the College achieved 2,528 funded students in this group against 2,411 in 2018/19.

Student achievements

For 2019/20, overall retention is 94.8% with achievement at 84.4% and shows a decline of 2.6% on the previous year due to the impact of Covid-19, particularly at entry level and level one provision. 16-18 achievement for level 2 and 3 are good and are above the provider group average of 85%. Overall study programme achievement rates are 82.1% against the provider group average of 83.4%. Adult achievement rates are 87.8%% against the high provider group average of 89.2%. Apprenticeships have been significantly impacted this year due to Covid-19 with overall achievement at 50% and timely at 40.6%. Functional skills in English and maths have seen a decline on the previous year at all levels. English and maths GCSE overall outcomes have significantly improved at 92.4%; high grades show an improving profile at 25.5% against 15.7% in the previous year.

Whilst we focus on a high quality student experience in all areas, the College is paying particular attention to timely achievement for Apprenticeships, 16-18 entry level and level 1 outcomes to include functional skills achievements. These areas are identified in the self-assessment report and are below the provider group averages and will be important metrics to demonstrate impact and progress in as we move towards a full Ofsted inspection from January 2021.

Curriculum Developments 2019/20

Buckinghamshire College Group offers a range of full and part-time programmes at all levels across three campuses, which are approximately 18 miles apart. The College works with key strategic partners to develop industry-focused vocational specialisation at each campus, in response to emerging and future skills gaps and shortages, and ahead of T-Levels. Buckinghamshire College Group has been awarded T level programmes in Digital, Health, Science and Education for delivery from 2021/22 and Business Administration from 2022/23.

The College continues to receive Capacity and Development Funding in 2019/20 to deliver the 45 day Industry Placement with employers in preparation for the T levels. Work experience and placements have been affected by the COVID pandemic. However, 763 study programme students gained a placement and/or work experience by March 2020. Successful links have been made with Construction companies such as Willmott Dixon, Eiffage Kier, BAM Construction and Flannery Plant Hire who have supported online placements for our Construction students. Health and Social Care students completing the Nurse Cadet Scheme has resulted in successful admittance to related university courses including Nursing, Operating Department Technician and Radiology.

The majority of the College's higher education programmes in 2019/20 were delivered through the partnership with Bucks New University. The College has developed a suite of creative Higher National Certificates that are delivered in partnership with Creative Media Skills at Pinewood Studios.

Apprentices' teaching, learning and employment status has been significantly impacted by COVID. 80% of our apprentices have been furloughed, losing opportunities to gain valuable skills and knowledge in a workplace setting. A significant number of apprentices have also been put on a Break in Learning at the employer's request with the majority from the NHS and Health and Social Care sector. During the period of lockdown the College has continued to work with employers and apprentices to support qualifications, return to learning and working and in the case of a small number, re-employment. The majority of apprenticeships continue to be with SME businesses with continued good progress with large levy paying employers, for example Bucks Healthcare Trust. The College continues to work with Bucks New University on Apprenticeship Degrees.

The College is a key member of Buckinghamshire's Redundancy Taskforce and Economic Recovery Plan Steering Groups to provide a skills education and training response to the impact of COVID in Bucks. This is mainly targeted at adults and supports the College's curriculum development decisions for re-skilling and up-skilling provision.

Curriculum planning for the enlarged College is comprehensive, linked to budget and ensures a clear, consistent curriculum footprint across all campuses. The curriculum is reviewed and revised as part of the College's annual business planning cycle, and in partnership with Bucks Thames Valley LEP. This ensures that the College's offer remains highly responsive to the needs and demands of students, employers, and the local community and local, regional and national skills objectives are being met.

The Curriculum review takes into account:

- Growth – does the provision meet the needs and interest of a range of customers and what areas have the capacity for growth or change to meet local, regional, national and global need?
- Quality – does the provision provide a good quality experience for students and are outcomes for students good and/or improving?
- Viability – Are the programmes providing value for money, are they cost effective and being delivered efficiently?

The College works closely with Buckinghamshire County Council to develop and deliver independent living training facilities for students with profound and multiple disabilities at the Aylesbury and Wycombe Campuses. The Life Skills Centres continue to provide training and support opportunities for students who would otherwise require out of county residential placements with Independent Specialist Providers. Numbers and demand locally for this provision continues to grow. In 2019/20, the College had over 150 students undertaking individual and bespoke timetables of learning.

The College works in collaboration with a number of partners including schools, Higher Education Institutions, Local Enterprise Partnerships and employers to provide a range of curriculum opportunities at all levels to meet the needs and interests of the wider community we serve.

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. During the year the College paid 78% of invoices within 30 days (2019: 72%) and suffered no interest charges as a result of late payments.

Capital Developments 2019/20

The College spent just under £0.3m on capital additions during the year, the majority of which was for teaching equipment or IT hardware. The single largest improvement was £70k spent to modernise the TV and media equipment at the Amersham campus.

Future Capital Developments

The College has a number of excellent facilities for learning and development across its three campuses. The College is aware however that our investment levels need to increase over time, particularly as existing assets age.

As a result the College began a longer term review of its estates and facilities in 2019 and continued this into 2020. This is being undertaken in conjunction with a review of how we can best meet the local educational needs as described earlier.

This project is very much in progress and we are working closely with Buckinghamshire Council to determine how existing campuses can be developed and whether opportunities may arise to develop new campus site(s) in areas that would see improved student recruitment in the longer term. This will require substantial funding and sources for this are being developed to ensure that the College is in a position to make the required improvements. The eventual outcome of this will be to create long term financial sustainability and make available additional funds that can be reinvested back into the organisation and its facilities.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the three college campuses at Aylesbury, Amersham and Wycombe which are valued at a combined cost in excess of £50m in the financial statements.

Financial

The College has £7.2m net liabilities (2019: £1.9m) however these include £31.6m of pension liability as measured under the relevant accounting standard (2019: £24.2m). The College's long term debt (excluding the reported impact of the covenant breaches referred to earlier) is £5.0m (2019: £5.5m).

People

Expressed as the average monthly headcount, the College employs 489 people (2019: 525), of whom 277 are teaching or teaching-related staff (2019: 299).

Reputation

The College continues to have a very good reputation locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and external partners.

PRINCIPAL RISKS AND UNCERTAINTIES

Through the College Executive and senior management team, the College ensures it recognises, assesses and mitigates the risk of changes as they emerge in order to plan effectively for the future.

This includes continual work to develop and embed the system of internal control, including financial, operational and risk management which protect the College's assets and reputation.

Based on the College Strategic Plan, the 'Big Ambition', the Executive and senior management team undertakes a regular comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which will mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the management groups will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained. It is updated by the College and reviewed by the Audit Committee on a termly basis. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Risk is a standing agenda item discussed at College Executive meetings.

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 adversely affect the College.

1. COVID

The College is managing a number of risk factors in relation to COVID. These include:

- Ensuring students receive relevant and sufficient learning in line with their course requirements;
- Ensuring the safety of students, staff and visitors to the College campuses;
- Managing the financial impact of the pandemic. This will mainly be seen in fluctuations of student recruitment and retention, including apprentices whose jobs may be at risk.

The risks are collectively being managed by the College in the following ways:

- Working closely with awarding bodies and regulators to make effective use of blended learning methods whilst ensuring sufficient relevant face to face contact teaching takes place;

- Putting in place a series of safety measures across campuses to protect everyone on site, including management of one way directional systems, increased cleaning and available of hand sanitisation and protective shielding;
- Making appropriate use of Government support schemes (such as the job retention scheme) allied to a rigorous focus on cash flow and cost management. In addition the College will look to respond to Government initiatives that are put in place that may stimulate student recruitment e.g. additional year of learning for young people and the recently announced commitments to increased adult funding to start in 2021.

2. Government Funding (and subsequently the maintenance of financial viability)

The College has considerable reliance on continued government funding through the ESFA. In 2019/20, 87% of the College's revenue was government funded (86% in 2019).

Government funding levels per student are currently stable and it is the recruitment of student numbers that currently determines the level of income. The profile of the FE sector has risen significantly in the last 12-18 months and as a result the College will receive a c.4% rise in its core 16-19 student income in the 2020/21 year. However, there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms going forward, or that funding will reflect inflationary cost pressures within the College and wider FE sector.

The underlying risks in government funding are mitigated by the College in a number of ways:

- Funding is derived through a combination of direct and indirect contractual arrangements;
- Ensuring the College is rigorous in the delivery of high quality education and training;
- The College focuses on those priority sectors which will continue to benefit from public funding;
- Maximising the efficiency of costs that deliver government funded programmes, so as to make them affordable and sustainable; and
- Regular dialogue with the local ESFA contacts.

3. Tuition fee policy

In line with the majority of other colleges, Buckinghamshire College Group has increased tuition fees in accordance with inflationary pressures and where government policy requires it. The price elasticity of adult learning is not measurable and there exists a risk that demand will contract as fees increase. This is likely to 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;
- Monitoring of the demand for courses as fees change.

4. 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 (28). Accounting for defined benefit pension schemes under FRS 102 (28) is a risk as the pension scheme is not under the control of the College and is accounted for in accordance with advice from independent qualified actuaries. Judgements are required in relation to assumptions for future salary increases, inflation, investment returns and member lifespan that underpin the actuarial valuations.

The College liaises with the pension actuary to review and challenge any assumptions which may be inconsistent with the College's own view and which have a material impact upon the reported share of the pension scheme deficit.

5. Achievement of quality targets

The College recognises that an attraction for students and prospective students is the reputation for quality that a College has. The College's most recent Ofsted rating was 'Good' and the College places significant emphasis on maintaining this reputation and rating for quality, with an aspiration in the 'Big Ambition' to become an Ofsted rated 'Outstanding' College.

The College monitors performance against a range of quality targets on a periodic basis ranging from weekly to annual. Courses and staff are assessed from a quality perspective and a senior member of curriculum staff has responsibility for monitoring College-wide quality performance.

6. Safeguarding

The College recognises that it is responsible for, and has a role to play in safeguarding the children and young people that it interacts with. Whilst the majority of this interaction will be on the College premises, the College also has a role in ensuring, to the best of its ability, the safety and security of young people in other locations, such as the workplace or their home environment.

The College invests significant time, resource and money in ensuring this safeguarding objective is met. The most significant ways in which the College achieves this are:

- Ensuring all staff and volunteers are recruited as suitable for working with children and young people;
- The training of staff to be able to spot the signs and symptoms of abuse and know the procedure for raising concerns;
- Establishing a safe environment in which the views of every person are valued and respected; and
- Working closely in partnership with parents, other organisations and agencies to share relevant information.

7. Maintaining the quality of campus facilities

The College has a range of campuses and facilities that serve our students and communities. Each campus has a different state of upkeep that reflects the investments in them over a long period. The College is required to ensure that campus facilities are invested in so that they remain an attractive proposition for new and existing students alike and that they support the curriculum needs. This includes active management of the asbestos present in the older buildings at both Amersham and Wycombe (Amersham in particular).

The College mitigates these risks by monitoring building quality, particularly in relation to asbestos and taking effective remedial action where necessary. The longer term management of this risk is being addressed in the revised estates and facilities strategy that is in development and implemented as described earlier.

STAKEHOLDER RELATIONSHIPS

Partnerships

In line with other colleges, the College has many stakeholders, including:

- Students;
- Funding bodies;
- Staff / Members of Corporation;
- Local employers (with specific links);
- Local Authorities;
- Local Enterprise Partnerships;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE institutions;
- Local universities;
- Trade unions;
- Professional bodies; and
- Delivery partners.

The College actively seeks ways to engage with our stakeholders to gather valuable feedback to inform our business practices.

Trade union facility time

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

Relevant union officials

Number of employees in relevant period	FTE employee number
5	5

Percentage of time spent on facility time

Percentage of time	Number of employees
5-10%	5

Percentage of pay bill spent on facility time

Total cost of facility time	£21,000
Total pay bill	£13,751,000
Percentage of total bill spent on facility time	0.15%

Equal opportunities

The College is committed to the promotion of equality of opportunity and places great value on the diversity of its community. The provision of equality of opportunity and respect for the needs and rights of the individual are fundamental to the stated mission and values of the College. The College promotes British values and a culture of respect and values diversity.

Buckinghamshire College Group fulfils its general and specific duties in relation to equality of opportunity and actively demonstrates due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities, in all strands as identified in the Equality Act 2010, these being:

- Age;
- Disability;
- Gender reassignment;
- Pregnancy and maternity;
- Race – this includes ethnic or national origins, colour or nationality;
- Religion or belief – this includes lack of belief;
- Gender;
- Sexual orientation;
- Marital status/civil partnerships.

Employment of Disabled Persons

The College has been awarded the 'two ticks' Positive about Disabled People accreditation by Job Centre Plus for the College's employment practices.

The College considers all applications for employment from people with disabilities, whilst considering the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure the continuation of employment in the College.

The College's policy is to provide professional development and opportunities for progress that are, as far as possible, identical to those for other people.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010. It has done this by adopting the following:

- As part of its accommodation strategy the College updated its access audit. The buildings of the College at the Aylesbury campus have been designed to be DDA compliant and capital projects have improved access at both the Amersham and Wycombe campuses.
- The College has a designated lead who provides information, advice and arranges support where necessary for students with disabilities.
- The College makes available a range of specialist equipment for use by students with disabilities.
- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are also a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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 10th December 2020
and signed on its behalf by:**

**M Hailey
Chair**

A handwritten signature in black ink, consisting of a stylized, cursive 'M' followed by a horizontal line and a large, sweeping loop underneath.

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 which it formally adopted on 14 July 2016.

The Corporation

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

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees Served	Corporation meeting attendance
Chair: Ian Barham	Re-appointed 14/07/2016	4 years	31/07/2020	General	Remuneration	6 of 6
Vice-Chair: Max Hailey (Chair as of 01/08/2020)	Re-appointed 15/03/2018	4 years		General		6 of 6
Karen Mitchell	01/09/2013	N/A		Principal	Search & Development	6 of 6
Rhabia Bhatti	Re-appointed 21/03/2016	4 years	On maternity leave from November 2019 then resigned 20/03/2020	General	Audit	0 of 1
Lina Ghosh	Re-appointed 21/03/2016	4 years	20/03/2020	General	Remuneration	0 of 4
Anne-Marie McNeill	Re-appointed 07/12/2017	4 years		Staff	Chair of Search & Development	6 of 6
Ian Harper	Re-appointed 11/12/2018	4 years		General	Search & Development	5 of 6
Jackie Campbell	Appointed 16/03/2017	4 years		General	Search & Development	4 of 6
Edward Weiss	Re-appointed 24/05/2020	4 years		General	Chair of Audit	6 of 6
David Bainton (Vice-Chair as of 01/08/2020)	Re-appointed 06/10/2019	4 years		General	Chair of Remuneration	6 of 6
Julie Gillespie	Appointed 22/10/2018	4 years		Staff		6 of 6

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees Served	Corporation meeting attendance
Amir Khaki	Appointed 13/02/2020	4 years		General	Remuneration	2 of 4
Nick Bevan	Appointed 13/02/2020	4 years		General	Audit	4 of 4
Bethan Waters	Appointed 30/04/2020	4 years		General	Audit	1 of 1
Ty Slycombe	Elected for the academic year	1 year		Student		1 of 3
Andra Mirica	Elected for the academic year	1 year		Student		2 of 2
Anna Smith acts as Clerk to the Corporation						

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met six times during the year ended 31 July 2020.

The Corporation conducts its business through its Audit, Remuneration and Search & Development Committees, each of which have terms of reference. Full minutes of all Corporation and Audit Committee meetings, except those deemed to be confidential, are available on the College's website at www.buckscollegegroup.ac.uk or from the Clerk to the Corporation at the College's primary address at Oxford Road, Aylesbury, Buckinghamshire, HP21 8PD.

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Sector and College 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 Development 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 four years and may be re-appointed for a further term not to exceed eight years in total, other than in exceptional circumstances.

Corporation performance

The Corporation carried out a self-assessment in January 2020 to review how well Governors felt the Corporation had fulfilled its responsibilities during 2018-19 as set out in the Code of Good Governance for English Colleges. This resulted in all Governors who participated in the self-assessment either agreeing or partially agreeing that the Board had discharged its responsibilities with 90% in full agreement.

Governors and Senior Post Holders participated in a performance review for the Chair of Corporation via an anonymous online survey in November 2019. The survey gathered Governors views of the Chair's performance in a number of different categories and resulted in an overall performance score of 82%.

Remuneration Committee

The College's Remuneration Committee comprised three members of the Corporation. The Corporation adopted the Association of College's Senior Post Holder Remuneration Code (the Remuneration Code) on 16 May 2019. The Remuneration Committee holds responsibility for the performance, development and pay reviews of all Senior Post Holders and the Clerk.

Senior post holders within the remit of the Remuneration Committee are:

Karen Mitchell, Principal and Chief Executive
Clare Rooney, Vice Principal Learning and Quality
John McGrath, Vice Principal Corporate Services

All senior post holder salaries are benchmarked annually against the results of the AoC College Senior Pay Survey. The pay multiple of the Principal and Chief Executive is £142,034 which is in line with market value and sits in the median quartile of the benchmarking data for the role. There was no change in salary for the Principal and Chief Executive during 2019/20.

Further details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

Audit Committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion.

Where appointed by College management to do so, the College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations.

The Audit Committee also advises the Corporation on the appointment of internal and external auditors and reports annually to the Corporation.

Search and Development Committee

The Search and Development Committee comprises four members of the Corporation. The Committee considers the Corporation's membership needs and recommends the re/appointment of governors and co-opted members. In addition, the Committee reviews training and development needs of members and regularly considers governors' attendance, declarations of interest and diversity of the Board.

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, not absolute assurance, against material misstatement or loss.

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the financial memorandum between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

The purpose of the system of internal control

The system of internal control is designed to manage the 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 on-going process, designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of these 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 within the College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls which have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place and operational for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. The adequacy of 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 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; and
- The adoption of formal project management disciplines.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. Unless otherwise agreed by the Audit Committee, at minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's 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 has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of 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; and
- Comments made by the College's financial statements auditors and the reporting accountant for regularity assurance in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to address weaknesses and to 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 Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

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

Going Concern

Whilst the College has been able to mitigate the impact of COVID with the financial results for the 2019/20, it is reasonable to assume there will be an impact in the next 12 months and beyond. Whilst we do expect (and have planned for) short term impacts, as well as maintaining rigorous cost control measures the College must be mindful to develop the opportunities that exist to retrain young people and adults of all ages. We note with interest an increased political appetite for funding in the sector to achieve this.

As a result and after making appropriate enquiries, including the review of cash flow forecasts to 31 July 2022, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason the Corporation continues to adopt the going concern basis in preparing the financial statements. Further information regarding this assessment can be found in note 1 to the financial statements on page 31.

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

M Hailey
Chair



K Mitchell
Accounting Officer

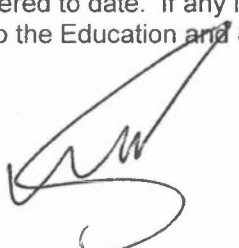


Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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

We confirm, on behalf of the Corporation that after due enquiry and to the best of its 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 contracts with the ESFA.

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



M Hailey
Chair

Date: 10/12/2020



K Mitchell
Accounting Officer

Date: 10/12/2020

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation (who act as trustees for the charitable activities of the College) are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the College to prepare financial statements and the Report of the Governing Body for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education and Skills Funding Agency, Accounts Direction issued by the Office for Students and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and which give a true and fair view of the state of affairs of the College and of the College's surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

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

M Hailey
Chair



INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF AYLESBURY COLLEGE

Opinion

We have audited the financial statements of Aylesbury College (the "College") for the year ended 31 July 2020 which comprise the statement of comprehensive income, balance sheet, statement of changes in reserves, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of the Corporation of Aylesbury College

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23, 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities> this description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 29 October 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Buckinghamshire

MK9 1BP

Dated: 18 December 2020

Buckinghamshire College Group
Statement of Comprehensive Income for the Year to 31 July 2020

	Notes	2020 £000	2019 £000
Income			
Funding body grants	2/3	21,986	22,630
Tuition fees and education contracts	3	1,532	1,773
Other grants and contracts	4	717	181
Other income	5	1,094	1,574
Investment income	6	6	4
Total Income		25,335	26,162
Expenditure			
Staff costs	7	14,794	14,940
Restructuring costs	7	1	66
Other operating expenses	8	10,282	10,482
Depreciation and amortisation	11/12	2,031	2,202
Interest payable and other finance costs	9	772	810
Total Expenditure		27,880	28,500
Deficit before other gains and losses		(2,545)	(2,338)
Loss on disposal of tangible and intangible fixed assets	11	-	(210)
Write back of / share of deficit in joint venture	17	3,130	(763)
Surplus / (Deficit) before tax		585	(3,311)
Taxation	10	-	-
Surplus / (Deficit) for the year		585	(3,311)
Remeasurement of net defined benefit pension liability	17/19	(5,830)	(2,039)
Total Comprehensive Income for the year		(5,245)	(5,350)

Buckinghamshire College Group
Balance Sheet as at 31 July 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	11	38,728	40,412
Intangible assets	12	<u>228</u>	<u>268</u>
		38,956	40,680
Current assets			
Stock		21	23
Debtors	13	896	808
Cash at bank and in hand		<u>1,314</u>	<u>1,634</u>
		2,231	2,465
Current liabilities: Creditors	14	(7,666)	(8,219)
Net current liabilities		<u>(5,435)</u>	<u>(5,754)</u>
Total assets less current liabilities		33,521	34,926
Creditors - amounts falling due after more than one year	15	(8,892)	(9,311)
Provisions for liabilities			
Defined benefit pension schemes	17	(31,603)	(24,185)
Other provisions	17	(202)	(3,361)
Total net liabilities		<u>(7,176)</u>	<u>(1,931)</u>
Reserves			
Unrestricted income and expenditure reserve		(13,679)	(8,571)
Revaluation reserve		6,503	6,640
Total reserves		<u>(7,176)</u>	<u>(1,931)</u>

The financial statements on pages 27 to 47 were approved and authorised for issue by the governing body on 10 December 2020 and were signed on its behalf by:-

M Hailey
Chair



K Mitchell
Accounting Officer



Buckinghamshire College Group

Statement of Changes in Reserves for the year ended 31 July 2020

	Income and expenditure reserve	Revaluation reserve	Total
Balance at 1st August 2018	(3,358)	6,777	3,419
Deficit for the year	(3,311)	-	(3,311)
Other comprehensive income	(2,039)	-	(2,039)
Transfer between revaluation and income and expenditure reserves	137	(137)	-
Total comprehensive income for the year	(5,213)	(137)	(5,350)
Balance at 31st July 2019	(8,571)	6,640	(1,931)
Deficit for the year	585	-	585
Other comprehensive income	(5,830)	-	(5,830)
Transfer between revaluation and income and expenditure reserves	137	(137)	-
Total comprehensive income for the year	(5,108)	(137)	(5,245)
Balance at 31st July 2020	(13,679)	6,503	(7,176)

Buckinghamshire College Group**Cash Flow Statement for the year ended 31 July 2020**

	Notes	2020 £000	2019 £000
Cash generated from operating activities			
Suplus / (Deficit) for the year		585	(3,311)
Adjustment for			
Depreciation and amortisation		2,031	2,202
Decrease in stocks		2	-
(Increase) / Decrease in debtors		(88)	305
Decrease in creditors		(532)	(839)
Increase in provisions		-	66
Pension costs less contributions payable		1,045	1,217
Write back of / share of deficit in joint venture		(3,130)	763
Investment income		(6)	(4)
Interest payable		772	810
Loss on disposal of fixed assets		-	210
		<u>679</u>	<u>1,419</u>
Investing activities			
Investment income		6	4
Purchase of tangible and intangible fixed assets		(307)	(421)
		<u>(301)</u>	<u>(417)</u>
Financing activities			
Interest paid		(258)	(279)
Repayment of amounts borrowed		(440)	(435)
Loan to joint venture		-	(286)
		<u>(698)</u>	<u>(1,000)</u>
(Decrease) / Increase in cash and cash equivalents in the period		<u>(320)</u>	<u>2</u>
Cash and cash equivalents at beginning of the year	18	1,634	1,632
Cash and cash equivalents at end of the year	18	<u>1,314</u>	<u>1,634</u>

Notes to the Financial Statements for year ended 31 July 2020**1 Accounting policies****General Information**

Buckinghamshire College Group is a corporation established under the Further and Higher Education Act 1992 and an English general college of further education. The address of the College's principal place of business is Oxford Road, Aylesbury, HP21 8PD. The nature of the College's operations is set out in the Report of the Governing Body on pages 4 to 16.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (F&HE SORP 2019), the College Accounts Direction for 2019 to 2020 and Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The Financial Statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets. The financial statements are prepared in sterling, which is the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest £1,000 unless otherwise stated.

The principal accounting policies adopted are set out below. These policies have been consistently applied in all the years presented unless otherwise stated.

Going concern

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

The College currently has £5.5m of loans outstanding with its bankers. The terms of repayment of these loans extend up to 12 years. The College breached its borrowing covenants with its banks during the year as noted on page 7 and the College has refinanced its debt and new covenants have been put in place. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation based on the review of cash flow forecasts to 31 July 2022 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

Funding body recurrent grants are accounted for under the accruals model and are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget funding element is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end or by separate agreement between the college and the ESFA at the reporting period end date. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

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

The recurrent grant from the Office for Students ('OfS') represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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 that 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 Statement of Comprehensive Income in the period in which it is earned.

Notes to the Financial Statements for year ended 31 July 2020 (continued)**1 Accounting policies (continued)****Retirement benefits**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) which are multi-employer defined benefit schemes.

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 the Government Actuary on the basis of valuations using a projected unit 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 Statement of Comprehensive Income. Differences between contributions payable and the contribution actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method. 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 is included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short Term Employment Benefits

The costs of short term employment benefits are recognised as a liability and an expense. The annual leave year runs to 31 August each year for staff meaning that, at the reporting date, there was an average of 12 days unused leave for staff. The cost of any unused entitlement is recognised in the period in which the employees' services are received.

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spread sheet provided by the funding bodies.

Termination Benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the College is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses. On adoption of FRS 102, the college followed the transitional provision to retain the book value of land and buildings, which were reduced in 1998 but not to adopt the policy of revaluation of these properties in the future.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 40 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 50 years and more minor refurbishments or enhancements over a useful economic life of between 8 and 15 years.

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

Notes to the Financial Statements for year ended 31 July 2020 (continued)**1 Accounting policies (continued)**

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Equipment

Equipment costing less than £1,000 per individual item is charged to the Statement of Comprehensive Income in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

Equipment: 3 – 8 years

Furniture and Fittings: 4 – 10 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 Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Intangible assets

Intangible assets comprise entirely of computer software and are capitalised at cost for items (or groups of items comprising one package) costing more than £1,000. Items below £1,000 are charged to the Statement of Comprehensive Income in the period of acquisition.

All assets are amortised over their useful economic life of between 4 – 8 years.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Borrowing costs

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

Investments in jointly controlled entities

The College accounts for its share of jointly controlled entities using the equity method within the financial statements. Should the share of losses in a jointly controlled entity exceed the carrying value of the investment, a provision will be made in the accounts to reflect such loss.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Maintenance of premises

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income in the period that 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 Chapter 3 Part 11 Corporation

Notes to the Financial Statements for year ended 31 July 2020 (continued)

1 Accounting policies (continued)

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.

Cash and cash equivalents

Cash includes cash in hand. Cash equivalents include sums on short-term deposits with recognised banks and building societies.

Financial instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments. Financial assets and liabilities are recognised when the College becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

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

Provisions and contingent liabilities

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

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

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

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

Agency arrangements

The College acts as an agent in the collection and payment of Bursary Support Funds. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and are shown separately in Note 22, except for up to 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs the equivalent of one member of staff dedicated to the administration of Bursary Support Fund applications and payments.

Critical accounting judgements and estimation uncertainty

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

- To determine whether there are any indicators of impairment of the College's tangible and current assets, including debtors and loans. Factors taken into consideration in reaching such a decision include the future financial performance of the asset and its viability.

Notes to the Financial Statements for year ended 31 July 2020 (continued)

Other key sources of estimation uncertainty include:

- Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending upon a number of factors;
- The present value of the Local Government Pension Scheme defined benefit liability depends upon a number of factors that are determined on an actuarial basis using a variety of assumptions. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability.

Notes to the Financial Statements for year ended 31 July 2020 (continued)

2 Funding body grants	2020	2019
	£000	£000
Recurrent grants		
Education and Skills Funding Agency - adult education budget	2,239	2,938
Education and Skills Funding Agency - 16-18	13,719	14,160
Education and Skills Funding Agency - apprenticeships	1,471	2,016
Greater London Authority - adult education budget	429	-
Office for Students - higher education	26	44
Other Funding Body	3,920	3,283
Specific grants		
Releases of government capital grants	182	189
	21,986	22,630
3 Total grant and fee income	2020	2019
	£000	£000
Grant income from the OfS	26	44
Grant income from other bodies	21,960	22,586
Total grants	21,986	22,630
Fee income from taught awards	756	937
Fee income from non-qualifying courses	776	836
Total tuition fees and education contracts	1,532	1,773
Total grant and fee income	23,518	24,403
4 Other grants and contracts	2020	2019
	£000	£000
Coronavirus Job Retention Scheme grant	306	-
Other grant income	283	64
Release of other deferred capital grants	128	117
	717	181

The College furloughed 116 colleagues at different points during the March-July 2020 period under the government's Coronavirus Job Retention Scheme. These colleagues were mainly in administrative and operational roles and not directly related to teaching and student contact. The funding received of £306k relates to staff costs which are included within the staff costs note below as appropriate.

5 Other income	2020	2019
	£000	£000
Creche income	610	588
Catering and conferences	25	88
Other income generating activities	214	466
Miscellaneous income	245	432
	1,094	1,574

Notes to the Financial Statements for year ended 31 July 2020 (continued)

6 Investment Income	2020	2019
	£000	£000
Other investment income	6	4
	<u>6</u>	<u>4</u>

7 Staff costs and key management personnel remuneration

The average monthly number of persons (including key management personnel) employed by the College during the year, expressed as average headcount, was:

	2020	2019
	Number	Number
Teaching staff	277	299
Non teaching staff	212	226
	<u>489</u>	<u>525</u>

Staff costs for the above persons	2020	2019
	£000	£000
Wages and salaries	10,073	10,661
Social security costs	856	926
Other pension costs	2,931	2,919
Payroll subtotal	13,860	14,506
Contracted out staffing services	934	434
Restructuring costs		
- Contractual payments	-	61
- Non-contractual payments	1	5
Total Staff Costs	14,795	15,006

Key Management are defined as the Principal and holders of the other senior posts whom the Governing Body or Principal has selected for the purposes of executive management of the College on a day to day basis. The posts are listed at the front of this report.

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

Notes to the Financial Statements for year ended 31 July 2020 (continued)

7 Staff costs and key management personnel remuneration (continued)

	Key Management Personnel	
	2020 Number	2019 Number
£ 5,001 to £ 10,000	1	1
£ 20,001 to £ 25,000	1	1
£ 25,001 to £ 30,000	1	2
£ 30,001 to £ 35,000	-	1
£ 50,001 to £ 55,000	1	2
£ 55,001 to £ 60,000	2	1
£ 75,001 to £ 80,000	-	1
£ 80,001 to £ 85,000	1	-
£ 85,001 to £ 90,000	1	1
£ 145,001 to £ 150,000	1	1
	9	11

	2020 Number	2019 Number
The number of Key Management Personnel including the Principal was:	9	11

	2020 £'000	2019 £'000
Their remuneration is made up as follows:		
Salaries	537	600
National insurance	66	73
Pension contributions	105	89
Total remuneration	708	762

The above remuneration include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

	2020 £'000	2019 £'000
Salaries	146	148
Pension contributions	33	23
Total remuneration	179	171

The pension contributions in respect of the Principal and key management personnel are in respect of employer's contributions to the respective pension schemes and are paid at the same rate as for other employees. No salary sacrifice schemes were in use for the Principal or key management personnel.

The remuneration of the accounting officer for 2019-20 was not reviewed in the year by the College's Remuneration Committee as a result of the COVID pandemic. The accounting officer is not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for include an assessment of market value in line with AoC Senior Pay Survey benchmarking data, previous increases and performance against both personal objectives and that of the organisation. A similar approach is used to determine the remuneration of other key management personnel.

Notes to the Financial Statements for year ended 31 July 2020 (continued)**7 Staff costs and key management personnel remuneration (continued)**

The relationship of the Principal's pay and remuneration expressed as a multiple of all other employees based on full time equivalents is as follows:

	2020	2019
Principal's basic salary as a multiple of the median basic salary of all staff	5.6	6.2
Principal's total remuneration as a multiple of the median total remuneration of all staff	5.8	6.4

Total remuneration includes any and all performance related payments but excludes overtime. The median remuneration of staff includes staff on salaried contracts and excludes staff paid on an hourly basis as well as staff contracted in to work for the college via external agencies or companies.

Governors' remuneration

The members of the corporation other than the Principal and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. During the year £330 of governors expenses were paid to the Clerk and two governors (2019 - Nil and Nil) in respect of travel and subsistence and other out of pocket expenses in the course of their duties.

8 Other Operating Expenses

	2020 £000	2019 £000
Teaching costs	7,352	6,975
Non teaching costs	1,504	1,854
Premises costs	1,426	1,653
Total	10,282	10,482

Other operating expenses include:

	2020 £000	2019 £000
Auditors' remuneration:		
Financial statements auditor	38	34
Internal audit	3	3
Other services provided by financial statements auditor	2	4
Other services provided by internal auditor	-	3
Losses on disposal of non-current assets	-	210
Inventory recognised as expense	31	78
Operating lease rentals	144	131
Impairment against loan to joint venture	-	286

9 Interest Payable and other finance costs

	2020 £000	2019 £000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	258	279
	258	279
Pension finance costs:		
Local Government Pension Scheme (note 20)	509	525
Enhanced pensions (note 17)	5	6
Total	772	810

Notes to the Financial Statements for year ended 31 July 2020 (continued)

10 Taxation	2020 £000	2019 £000
Total	-	-

The College is not liable for any corporation tax arising out of its activities during both the current and prior years.

11 Tangible Fixed Assets

	Freehold Land and Buildings £000	Equipment £000	Furniture £000	Total £000
Cost or Valuation				
At 1 August 2019	55,916	5,803	895	62,614
Additions	4	275	13	292
Disposals	(36)	(1,135)	-	(1,171)
At 31 July 2020	55,884	4,943	908	61,735
Depreciation				
At 1 August 2019	17,168	4,250	784	22,202
Charge for year	1,506	444	26	1,976
Elimination in respect of disposals	(36)	(1,135)	-	(1,171)
At 31 July 2020	18,638	3,559	810	23,007
Net book value at 31 July 2020	37,246	1,384	98	38,728
Net book value at 31 July 2019	38,748	1,553	111	40,412

Land and buildings were valued in 1998 by Sidleys, Chartered Surveyors. The base of valuation was as follows:

Hampden Hall Site - Valued on an open market basis

Aylesbury (Oxford Road) Site - Valued on an open market basis

Amersham (Stanley Hill) Site - Valued on an open market basis

Wycombe (Flackwell Heath) Site - Valued on an open market basis

The loan from Lloyds Bank is secured by a charge over the land and building at the Aylesbury (Oxford Road) site.

The loan from Barclays Bank is secured by a charge over the land and building at the Amersham (Stanley Hill) site.

On adoption of FRS 102, the college followed the transitional provision to retain the book value of land and buildings, which were reduced in 1998 but not to adopt the policy of revaluation of these properties in the future.

Land and buildings with a net book value of £4,074,000 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the ESFA, to surrender proceeds.

Notes to the Financial Statements for year ended 31 July 2020 (continued)

12 Intangible Fixed Assets	IT Software	
	£000	
Cost or Valuation		
At 1 August 2019	581	
Additions	15	
At 31 July 2020	596	
Amortisation		
At 1 August 2019	313	
Charge for year	55	
At 31 July 2020	368	
Net book value at 31 July 2020	228	
Net book value at 31 July 2019	268	
13 Debtors	2020	2019
	£000	£000
Amounts falling due within one year:		
Trade debtors	157	64
Prepayments and accrued income	711	624
Amounts owed by the ESFA	28	120
Total	896	808
14 Creditors: Amounts Falling Due Within One Year	2020	2019
	£000	£000
Bank loans and overdrafts	3,990	4,321
Trade creditors	249	471
Other taxation and social security	3	393
Accruals and deferred income	2,307	2,042
Amounts owed to the ESFA	807	682
Deferred Capital Grants	310	310
Total	7,666	8,219
15 Creditors: Amounts Falling Due After More Than One Year	2020	2019
	£000	£000
Bank loans	1,491	1,600
Deferred Capital Grants	7,401	7,711
Total	8,892	9,311

Notes to the Financial Statements for year ended 31 July 2020 (continued)**16 Borrowings**

Bank loans are repayable as follows:	2020	2019
	£000	£000
In one year or less	3,990	4,321
Between one and two years	1,491	1,600
Total	<u>5,481</u>	<u>5,921</u>

Bank loans at fixed rates ranging between 7.09% and 7.465% are repayable by instalments falling due between 1 August 2007 and 29 October 2032 and total £2,013,000. Bank loans of £3,468,000 are at variable rates and have been refinanced during 2020 so as to be repayable by October 2022. These loans are secured as described in Note 11.

As at 31 July 2020 loan covenants with the College's banks had been breached. The College has discussed its financing position with the banks throughout and subsequent to the year end (as part of the refinancing of the loans on variable rates as described above). As a result Barclays Bank and Lloyds Bank agreed not to revise the terms of their agreement or to demand immediate repayment. In the case of Lloyds Bank, this agreement was reached after 31 July 2020 and as a result, and in accordance with Financial Reporting Standards, the College was deemed not to have an unconditional right to defer payment of its loans due to either bank for more than 12 months at the balance sheet date.

17 Provisions for Liabilities

	Pension Liability (note 20)	Enhanced Pension	Joint Venture	Total
	£000	£000	£000	£000
At 1 August 2019	(24,185)	(231)	(3,130)	(27,546)
Cost transferred to Statement of Comprehensive Income:				
Interest cost	(509)	(5)	-	(514)
FRS 102 (28) Employer Service Charge less Employer Contribution	(1,045)	-	-	(1,045)
Reversal of operating deficit recognised in prior periods	-	-	3,130	3,130
Actuarial gain / (loss)	(5,864)	34	-	(5,830)
At 31 July 2020	<u>(31,603)</u>	<u>(202)</u>	<u>-</u>	<u>(31,805)</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated using the enhanced pension provision spread sheet provided by the Education and Skills Funding Agency.

The joint venture relates to the College's activities in Buckinghamshire Education Skills & Training (BEST), a company equally owned and operated in conjunction with Buckinghamshire New University. The investment in joint venture represents the College's 50% share of the activities in this company for the year. The College's activities in the company

18 Consolidated analysis of changes in net funds

	At 1 August 2019 £000	Cash flows £000	At 31 July 2020 £000
Cash at bank and in hand	1,634	(320)	1,314
Bank loans	(5,921)	440	(5,481)
Net debt	<u>(4,287)</u>	<u>120</u>	<u>(4,167)</u>

Notes to the Financial Statements for year ended 31 July 2020 (continued)**19 Pension and similar obligations**

The College's employees belong to two principal pension schemes – the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Buckinghamshire County Council. Both are multi-employer defined benefit schemes.

	2020 £000	2019 £000
Teachers' Pension Scheme: contributions paid	855	663
Local Government Pension Scheme:		
Contributions paid	1,031	1,039
FRS 102 (28) Charge	<u>1,045</u>	<u>1,217</u>
Charge to the Statement of Comprehensive Income (staff costs)	2,076	2,256
Total Pension Cost for Year within staff costs	<u>2,931</u>	<u>2,919</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and the LGPS 31 March 2019. At the balance sheet date the College had paid its contributions for the month of July 2020.

Teachers' Pension Scheme

The Teachers' Pension Scheme is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014, except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges are pending. The valuation report was published by the Department for Education (DfE) in April 2019. The key results of the valuation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards, an increase from the previous rate of 16.48%. The DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019/20 academic year. The next valuation result is due to be implemented from 1 April 2023. The pension costs paid to TPS in the year amounted to £989,000 (2019: £1,490,000).

The pension costs paid to TPS in the year amounted to £855,000 (2019: £663,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by Buckinghamshire County Council. The total contributions made for the year ended 31 July 2020 were £1,323,000, of which employer's contributions totalled £1,031,000 and employees' contributions totalled £292,000. The agreed contribution rates for future years are 18.3% plus additional deficit repayments for employers and range from 5.5% to 9.9% for employees, depending on salary.

Notes to the Financial Statements for year ended 31 July 2020 (continued)

19 Pension and similar obligations (continued)

Principal Actuarial Assumptions

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

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.25%	3.85%
Future pensions increases	2.25%	2.35%
Discount rate for scheme liabilities	1.35%	2.15%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2020	At 31 July 2019
<i>Retiring today</i>		
Males	21.8	22.9
Females	25.1	24.8
<i>Retiring in 20 years</i>		
Males	23.2	24.6
Females	26.6	26.6

The assets in the scheme were:

	Value at 31 July 2020 £000	Value at 31 July 2019 £000
Equities	18,608	16,545
Gilts	3,576	3,861
Bonds	5,317	4,712
Property	2,124	2,322
Cash	890	968
Other	3,423	3,412
Total market value of assets	33,938	31,820
Actual return on plan assets	1,944	1,428
Amounts recognised in the Statement of Comprehensive Income	2020 £000	2019 £000
Employer service cost (net of employee contributions)	2,060	1,928
Past service cost	16	328
Total operating charge	2,076	2,256

Notes to the Financial Statements for year ended 31 July 2020 (continued)

19 Pension and similar obligations (continued)

	2020	2019
	£000	£000
Analysis of pension finance costs		
Expected return on pension scheme assets	(683)	(803)
Interest on pension liabilities	1,192	1,328
Pension finance costs	<u>509</u>	<u>525</u>
Amount recognised in Other Comprehensive Income	2020	2019
	£000	£000
Actual return less expected return on pension scheme assets	1,233	600
Experience gains arising on the scheme liabilities	1,146	-
Change in financial and demographic assumptions underlying the scheme liabilities	(8,243)	(2,687)
Amount recognised in Other Comprehensive Income	<u>(5,864)</u>	<u>(2,087)</u>
Asset and Liability Reconciliation	2020	2019
	£000	£000
Reconciliation of Liabilities		
Liabilities at start of period	56,005	50,507
Current service cost	2,060	1,928
Interest cost	1,192	1,328
Employee contributions	292	305
Experience gains on scheme liabilities	(1,146)	-
Changes in financial assumptions	8,521	2,687
Benefits paid	(1,399)	(1,078)
Past service cost	16	328
Liabilities at end of period	<u>65,541</u>	<u>56,005</u>
Reconciliation of Assets		
Assets at start of period	31,820	30,151
Interest on assets	683	803
Administration expenses	(28)	(25)
Return on assets	1,261	625
Employer contributions	1,031	1,039
Employee contributions	292	305
Benefits paid	(1,399)	(1,078)
Change in asset valuation	278	-
Assets at end of period	<u>33,938</u>	<u>31,820</u>

These accounts show a past service cost of £16k in respect of the McCloud / Sergeant judgment that ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is 0.6% of the total scheme liability as at 31 March 2020.

Notes to the Financial Statements for year ended 31 July 2020 (continued)**20 Financial Commitments**

At 31 July, total commitments under non-cancellable operating leases were as follows:

As a Lessee	2020	2019
	£000	£000
Other:-		
Expiring within one year	120	85
Expiring within two and five years inclusive	56	58
	<u>176</u>	<u>143</u>
As a Lessor	2020	2019
	£000	£000
Other:-		
Expiring within one year	4	17
Expiring within two and five years inclusive	15	-
Expiring in over five years	39	-
	<u>58</u>	<u>17</u>

Acting as a lessor, the commitments represent:

- (a) A lease of space within the College to the University of Bedfordshire that began in August 2016. This lease was terminated to take effect from August 2019;
- (b) The lease of land to Buckinghamshire Council that has been used to build the College's childcare centre on, along with other childcare facilities.

21 Related Party Transactions

In respect of the joint venture in BEST, the transactions during the year were as follows:

	2020	2019
	£000	£000
Expenses recognised as part of Other Operating Expenses	-	148
Expense recognised as impairment of loan to the company	-	286
Write back of operating deficits from previous periods recognised	3,130	-
Loans to support ongoing operation of the company	-	1,274
Amounts owed to BEST	-	-
Amounts owed by BEST	-	1,274

In respect of other related parties, the transactions forming part of Other Operating Expenses during the year were as follows:

	2020	2019
	£000	£000
Mix 96	47	47
Pluscrates	2	-
Buckinghamshire UTC	8	8

Notes to the Financial Statements for year ended 31 July 2020 (continued)**21 Related Party Transactions (continued)**

The Managing Director of Mix 96 is also a member of the College's Governing Body, although he resigned his position with Mix 96 in September 2020. Mix 96 is the largest commercial radio station in the county and the College uses it for publicity purposes. The member plays no part in the agreement of services between the College and Mix 96.

In respect of all other transactions, due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving an organisation in which a member of the board of governors may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures. Key management compensation disclosure is given in note 7.

22 Amounts Disbursed as Agent - learner support funds	2020	2019
	£000	£000
Access Funds		
Funding Body Grants - 16-19 bursary support	362	355
Funding Body Grants - Other bursary support	217	370
	<u>579</u>	<u>725</u>
 Disbursed to students	 (364)	 (338)
Administration costs	(25)	(26)
	<u>190</u>	<u>361</u>
Balance unspent as at 31 July, included in creditors		

Funding Body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. The College expects to reimbursement any unspent balance to the funding authority on an annual basis.

23 Contingent Liabilities

The Buckinghamshire University Technical College (BUTC) new building was completed in September 2013 on the main College site. The BUTC building was transferred on 1 September 2013 as an asset under the ownership of the Buckinghamshire UTC Trust. Should the College receive proceeds before July 2022 from the sale of land that it owns, then the College would be liable to repay up to £4.0m of the build costs of BUTC to the Department for Education. As at the year end, the likelihood of this occurring is considered unlikely but due to the material nature of the potential liability disclosure has been made.