



**Buckinghamshire
College Group**



ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2022

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 2021/22:

Jenny Craig – Principal and CEO; Accounting Officer (appointed 11 July 2022)

Karen Mitchell – Principal and CEO; Accounting Officer (retired from the position of Principal and CEO on 10 July 2022 and left the College on 31 August 2022)

Clare Rooney – Vice Principal Learning and Quality

John McGrath – Vice Principal Corporate Services

Isobel Ellison – Executive Director Human Resources

Rachael Murray – Executive Director Planning and Growth

Richard Kirkham – Executive Director Curriculum Design and Planning (left the College on 31 May 2022)

BOARD OF GOVERNORS

A full list of governors is given on pages 18 and 19 of these financial statements.

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

PROFESSIONAL ADVISERS

Financial statements auditors and reporting accountants:

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Chartered Accountants
Friary Court
13-21 High Street
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Surrey
GU1 3DL

Internal auditors:

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PO14 1AH

Bankers:

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Milton Keynes
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Solicitors:

Kidd Rapinet
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Report of the Governing Body

OBJECTIVES AND STRATEGIES

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2022.

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 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

'The Big Bucks Ambition' 2018-2023 sets out the College's aims 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.*

The Big Bucks Ambition runs until 2023 and the College has now started to update and prepare a new 5 year Mission and Vision. This will be published and launched in summer 2023.

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 18 & 19.

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

The College has continued to make good progress with the strategic priorities from the 'Big Bucks Ambition' Strategic Plan 2018-2023 for 2021/22:

- A clear well-defined ambitious strategic intent for the continued improvement and growth of the College;
- A clear and careful considered rationale for the majority of courses offered;
- Returning students and staff safely to in-person teaching, learning and working;
- Further improving teaching and learning graded 'good' or 'expert' to 81%;
- Graded 'Good' by Ofsted in November 2021 at the first full inspection of the merged college;
- Ensuring that students experienced a good learning experience and are supported to be successful and achieve their goals;
- Positive recruitment and delivery of T levels in Health and Life Science, Childcare and Education and Digital;
- The continued development of strong key strategic employer and stakeholder relationships to support skills planning and delivery in local and regional key priority sectors;
- Significant investment in staffing with a pay award of no less than 6.5% in cash terms, implemented from August 2022;
- Delivery of a better than budgeted underlying financial outturn for 2020/21 which was also an improvement on 2019/20;
- Securing funding and applying for planning permission for the new campus in High Wycombe;
- The sale of land formerly used by the College known as Hampden Fields;
- Significant investment into facilities and resources on all campuses to support students and staff including technology;
- A successful and supportive Further Education Commissioner (FEC) follow up visit in March 2022 with an 'endorsement of the College's approach' and no further recommendations;
- Strong governance with a range of skills and expertise to support and challenge leaders effectively.

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 23 such indicators to monitor performance – of these 23, 11 related to curriculum excellence, 5 related to our staff, 4 related to growth and development and 3 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 existing confirmed rating based upon submitted Annual Accounts of Requires Improvement (renamed from what used to be called Satisfactory, having changed to be consistent with Ofsted measurements) is considered an acceptable outcome when set against the national backdrop of funding cuts to the Further Education (FE) sector and the impact of Covid-19 upon student choice and recruitment. As a result of the sale of Hampden Fields, this rating is likely to improve to Good when the College's regulatory body next reviews FE sector financial performance in early 2023.

FINANCIAL POSITION

Financial results

The College's underlying operating deficit in the year was £663k (2021: £845k). Please refer to the summary analysis below.

| | 2021/22 £'000 | 2020/21 £'000 |
|---|--------------------------------|--------------------------------|
| College Underlying Operating Deficit * | (663) | (845) |
| Exceptional write back of Lennartz VAT payment | 434 | - |
| Profit on disposal of Hampden Fields | 52,730 | - |
| FRS 102 (28) charge | (2,295) | (2,088) |
| Surplus / (Deficit) per statutory accounts | 50,206 | (2,933) |
| Accumulated Reserve excluding Pension Reserve | 76,128 | 23,597 |
| Pension Reserve | (9,108) | (31,618) |
| Total Accumulated Reserves | 67,020 | (8,021) |
| Cash Balances | 30,712 | 2,691 |

* before Profit on Disposal of fixed assets and FRS 102 (28) charges / adjustments.

The College set a budget deficit target for the year of £850k. The Covid pandemic has had two major influences on student recruitment – firstly, there has been an increasing trend for 16 and 17 year olds to make applications to multiple schools and Colleges to continue their post 16 education. This has seen greater uncertainty than in previous years regarding the number of students the College actually enrolls. The second trend has been for lower adult recruitment where those students would be required to pay for, or take out loans to finance, their course. The other major impact of Covid is an increased difficulty in recruiting and retaining staff. This follows a national trend of seeing less people searching for employment in an era of low unemployment. Exacerbated by the fact that FE sector salaries lag teaching and other comparable salaries, it is creating a very challenging employment market for the College. The College's average headcount fell by 6.4% over the year and has continued to fall in the subsequent period. This has created staff pay savings, however has also led directly to some income shortages (for example where courses cannot run). In the end the College did manage to achieve its original target of keeping the deficit under £850k and beat this by £0.2m, which helped the College to invest £0.8m in a pay award to staff equivalent to a minimum of 6.5%, which is being paid from August 2022.

The Government continued to make capital funding available to improve the condition of College buildings and also to support the introduction of the T Levels. Of the total £1.6m spent by the College in the year on capital additions, £1.1m was funded through Government schemes. The College's own spend of £0.5m was very much focused on the replacement of aged IT infrastructure and teaching resources. By asset type, of the £1.6m additions total, £0.8m was spent on building improvements, £0.7m on equipment (mainly IT resources as mentioned) and the remaining £0.1m on furniture.

Undoubtedly the financial highlight of the year was the sale towards the end of the year of the land owned by the College known as Hampden Fields. This was a piece of land that formed part of the College's historical teaching activities. However, it has no longer been in use since the redevelopment of the Aylesbury town centre campus at the turn of the century. Since then the College (and neighbouring landowners) have collaborated with Taylor Wimpey and Buckinghamshire Council to seek planning permission for residential use of the land. After a protracted period of some 15 years, the legal process reached a conclusion in spring 2022 and planning permission is now in place. This allowed for finalisation of the sale of land to Taylor Wimpey for a gross purchase price of £62.5M (excluding VAT) which is to be paid over a period of 5 years. The College had a number of liabilities that were contingent upon the completion of this agreement, mostly notably to the Department of Education and to its bankers. These liabilities were all settled as part of the transaction, meaning that the net gain to the College over the 5 year period is expected to be in the region of £50M. The College is now debt free and will be able to use the funds to reinvest into designated capital projects that will move the College forward. It will not be a panacea to resolving the College's long standing Operating Deficit position, but it will provide for far greater flexibility in capital investment to help resolve this issue.

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 currently have a separate Treasury Management Policy in place but rather includes such objectives within its Financial Regulations. A policy or similar guidance may be developed over the course of the 2022/23 financial year by the College, following receipt of the funds from Hampden Fields as described earlier.

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 a £1.3m *inflow* for the year (2021: £3.0m *inflow*). This inflow was used to invest in asset purchases and to service debt. Net proceeds in year from the sale of Hampden Fields amounted to £33.7m of which £12.4m was VAT paid to the College on the sale transaction and which the College subsequently paid to HMRC in September 2022.

As a result of the Hampden Fields receipt, all bank loans were repaid which totalled £5.4m across the year (£5.1m of capital repayments and £0.3m of interest). £1.6m was invested into capital assets as described earlier.

As a result of all of the above, the College's net cash flow for the year was an *inflow* of £28.0m (2021: *inflow* of £1.4m). As described above, £12.4m of this has been paid over to HMRC post year end.

Reserves policy

The College currently 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. The College may seek to develop such a policy or similar guidance during the course of the 2022/23 financial year as a result of the Hampden Fields transaction.

Excluding Pension Reserve, as at the balance sheet date the College's Income and Expenditure reserve stands at £69.9m (2021: £17.2m) 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 (although a target has not been set at this time).

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 2021/22, the College achieved 2,685 funded students in this group against 2,645 in 2020/21.

Student achievements

For 2021/22, overall retention is 91.7% with achievement at 81.2%, which is a decline on the previous year. Overall study programme achievement rates are 78.5% against the current 18/19 provider group average of 84.7%. Adult achievement rates are 83.8% against the 18/19 provider group average of 86.5%. Quality improvement in apprenticeship delivery has ensured that apprentices make better than expected progress with overall achievement at 70.3% and is 17% above the national average. GCSE mathematics high grades are very good for 16-18 year olds;

achievement is 13.8% above the national average at 29%. Improvements are required in the overall high grades profile for GCSE English at 23% against the national average of 24.1%.

Whilst there is a focus on a high quality student experience in all areas, the College continues to pay particular attention to attendance and restoring outcomes for the study programme, adults learning and high needs to above the provider group averages. Students and apprentices engage with employers and develop a wide range of vocational skills that prepare them well for their progression pathways. The Ofsted inspection in November 2021 has graded overall effectiveness as good. The College self-assessment report has identified key strengths with a comprehensive plan to drive quality improvements in 2022/23.

Curriculum Developments 2021/22

‘Within Buckinghamshire, Buckinghamshire College Group is the main provider of vocational, professional skills education and training. It has aligned its provision to local and regional priorities, with a focus on Health and Social Care, Public Services, Construction, Digital and Creative, Business Services, Retail, Catering and Hospitality’ (Bucks Skills Report, Bucks LEP, March 2021).

Buckinghamshire College Group offers a range of full and part-time programmes at all levels across its three campuses at Aylesbury, Amersham and Flackwell Heath, near High Wycombe. 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. Buckinghamshire College Group introduced T level programmes in Digital, Health, Science and Education in 2021/22. The College received capital funding to support T level delivery with; new digital suites at Aylesbury and Amersham; Science at Wycombe; Health and Social Care simulation suites at Aylesbury and Wycombe and Childcare and Education suites at Aylesbury and Wycombe.

The College is a founding member of the Bucks Health and Social Care Academy in partnership with Bucks NHS Healthcare Trust, Health Education England, Buckinghamshire Council, Bucks New University, University of Bedfordshire, University of Bedfordshire, GP Federation, Buckingham University and Bucks LEP. The purpose of the Academy is to provide an integrated and cohesive health and social care workforce training to ensure the best possible delivery of care for people in Buckinghamshire. This partnership has supported College developments in T levels; nursing associate apprenticeships; the highly successful Nursing Cadet programme, which has now extended to a Social Care Cadet programme with Buckinghamshire Council.

The College works effectively with other key priority sectors, for example continuing to grow the HNC programme at Pinewood studios which responds to film and TV skills gaps and shortages. Students benefit from a wide range of high quality work and industry placements across all sectors. The College works closely with Bucks New University to provide a skills escalator and progression across a number of curriculum areas.

For 2021/22, a refreshed Adult Learning Strategy has been developed. Investment has been made into resource to support small and medium sized employers and employer representative groups with training needs. The continued focus is on professional and technical skills education and training at all levels with delivery models that support learning and business needs including digital and remote learning. Increased engagement with local small businesses has resulted in sector career days and master classes leading to employment and apprenticeships for graduating students.

There are 443 apprentices on programme and provision is largely focused in Construction and Health & Social Care. 54% of apprentices are enrolled on Plumbing and Electrical apprenticeships with 16% across Health and Social Care programmes. Delivery is across levels 2 and 3; 131 and 312 apprentices respectively. The College works in partnership with 303 employers including Buckinghamshire NHS Trust, L Harvey and Son and Bounds Electrical. Growth across the provision is being explored with Flannery Plant Hire. Catering and Hairdressing have been slow to recruit to following the pandemic, however, hairdressing and barbering is starting to recover with 11 apprentices on programme this academic year. For 2022/23, retention is currently 82%.

End Point Assessments are currently offered with four End Point Assessment Organisations and the College has received an Excellence Award from City & Guilds for EPAs and high grades awarded to the apprentices.

The College is a key member of the Local Enterprise Partnership's (LEP) Skills Advisory Panel and the development of the Local Skills Plan, 2020. The College is also part of the county's Growth and Recovery Plan with a focus on skills. This ensures that the College is able to align its curriculum to key local priorities and provide high quality career pathways to level up skills and employment opportunities for all students, especially those most disadvantaged or vulnerable.

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. 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 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 2021/22, the College had over 200 students undertaking individual and bespoke timetables of learning.

The College works in collaboration with a number of partners as part of Buckinghamshire's place-based integrated leadership including Higher Education Institutions, Local Enterprise Partnerships, Buckinghamshire Council, NHS Trust, skills and education providers, community groups 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 90% of invoices within 30 days (2021: 89%) and suffered no interest charges as a result of late payments.

Capital Developments 2021/22

As described above, the College spent £1.6m on capital additions during the year. £1.1m of this was Government funded, representing the investment into capital buildings improvement to the College's estates and also the creation of high quality teaching spaces for the new T Levels qualifications being delivered. The College funded capital expenditure of £0.5m was primarily allocated to replacement IT equipment and to other building alterations and improvement.

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 this has continued into implementation since. In December 2020, the College formally announced its intention to relocate its existing Amersham and Wycombe campuses to a new town centre site in High Wycombe. The College has worked closely with Buckinghamshire Council and the Council has agreed to sell a plot of land in the centre of High Wycombe to the College, and lease another nearby, in order for the College to design and build a new state of the art campus for the south of Buckinghamshire. During the course of 2021 and 2022 the College has carried out the design work needed for this project and planning applications for the new campus were submitted in May 2022, along with applications for the residential redevelopment of the existing Amersham and Wycombe campuses. These applications are expected to be determined by the Council in early 2023. The project will be funded primarily by a combination of proceeds from the sale of the existing campuses, along with funding from the Government's *'Further Education Capital Transformation Fund'*. The College may also need to provide funding from its own reserves to complete the project, the costs for which have risen as a result of increasing inflation.

The current intention is for the planning applications to be determined in early 2023 and at the same time have a construction programme and contract in place for the new build project. This would allow construction to begin in spring 2023 with the new campus in place in around spring 2025.

The delivery of this project would not only create the modern site needed for vocational and technical education in the south of the county, but also be a major underpin to the long term financial sustainability sought by the College.

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 £67.0m of net assets (2021: liabilities of £8.0m) that include £9.1m of pension liability as measured under the relevant accounting standard (2021: £31.6m). The College repaid its debt during the year as described earlier in this report.

People

Expressed as the average monthly headcount, the College employs 466 people (2021: 498), of whom 268 are teaching or teaching-related staff (2021: 282).

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 progress monitored using the College KPIs and other management information. 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, for example the development of the new campus.

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

Whilst the direct safety risk from COVID has now decreased, a number of factors still need to be managed which include:

- Ensuring students receive relevant and sufficient learning in line with their course requirements to successfully achieve;
- Supporting students and staff with the ongoing health and mental issues caused by COVID;
- Managing the financial impact of the pandemic. As mentioned earlier in the report, this has changed student recruitment patterns and the decision as to whether or not a course is affordable (where relevant).

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;
- Relevant use of Government funding provided for catch up tuition;
- Providing a range of spaces and services that support student and staff wellness;
- Responding to the increased focus given by the Government to the reskilling of the country's workforce, with a particular emphasis on adult retraining and investment.

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

The College has considerable reliance on continued Government funding through the ESFA and other funding bodies. In 2021/22, 92% of the College's revenue was Government funded (91% in 2021).

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 24 months and funding for capital projects has been welcomed.

However, increases in income funding have been limited, or where they have been increased this has normally been in return for additional activity required. The pressures on national finances will also make it challenging to see real terms increases in the coming years.

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 recent Ofsted rating in November 2021 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. Recruitment and retention of staff

Through the impact of COVID and the current national 'cost of living crisis', the College has seen an emerging risk evolve in relation to the recruitment and retention of the College's workforce. This risk is manifested through factors such as:

- A smaller employment market seeking work in an area of very low unemployment;
- The College (and sector) pay lagging behind comparable employers (such as schools);
- The difficulty in being able to meet expectations in remote working where this is seen an advantage to employment.

The College has responded to this by:

- Increasing dialogue with staff and trade unions;
- Prioritising improvements in pay for staff;
- Looking to add, manage and publicise additional benefits alongside pay;
- Innovating in how prospective employees can be reached in terms of advertising and awareness.

8. 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 estates strategy that is in the process of implementation 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;
- 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 |
|--|---------------------|
| 3 | 2.5 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 5-10% | 3 |

Percentage of pay bill spent on facility time

| | |
|---|-------------|
| Total cost of facility time | £10,000 |
| Total pay bill (defined as staff costs excluding FRS102 charge) | £13,312,000 |
| Percentage of total bill spent on facility time | 0.08% |

Equality

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 12th December 2022
and signed on its behalf by:**

**M Hailey
Chair of Governors**

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 2021 to 31 July 2022 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 2022. 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 Association of Colleges published a revised version of the Code in September 2021 and the Corporation adopted this version on 5 May 2022.

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: Max Hailey | Re-appointed 15/03/2018 | To 31/7/2024 | | General | Remuneration Quality & Curriculum Estates | 7 of 7 |
| Vice Chair: David Bainton | Re-appointed 6/10/2019 | To 31/7/2024 | | General | Chair of Remuneration Finance Estates | 5 of 7 |
| Karen Mitchell | 01/09/2013 | N/A | 10/07/2022 | Principal | Search & Development Quality & Curriculum Finance Estates | 6 of 6 |
| Jenny Craig | 11/07/2022 | N/A | | Principal | Search & Development Quality & Curriculum Finance Estates | N/A |
| Anne-Marie McNeill | Re-appointed 07/12/2017 | 4 years | 09/12/2021 | Staff | Chair of Search & Development | 2 of 2 |
| Ian Harper | Re-appointed 11/12/2018 | 4 years | | General | Chair of Quality & Curriculum Search & Development | 4 of 7 |
| Jackie Campbell | Re-appointed 16/03/2021 | 4 years | 31/3/2022 | General | Search & Development Quality & Curriculum | 1 of 5 |
| Edward Weiss | Re-appointed 24/05/2020 | 4 years | | General | Chair of Audit Estates | 7 of 7 |

| Name | Date of appointment | Term of Office | Date of resignation | Status of appointment | Committees Served | Corporation meeting attendance |
|---|-------------------------------|--|---------------------|-----------------------|-----------------------------------|--------------------------------|
| Julie Gillespie | Appointed 22/10/2018 | 4 years | 17/10/2022 | Staff | Estates | 5 of 6 |
| Amir Khaki | Appointed 13/02/2020 | 4 years | | General | Remuneration Search & Development | 4 of 7 |
| Nick Bevan | Appointed 13/02/2020 | 4 years | | General | Audit Estates | 7 of 7 |
| Bethan Waters | Appointed 30/04/2020 | 4 years | | General | Chair of Estates Audit | 5 of 7 |
| Caroline Hargrave | 29/04/2021 | 4 years (<i>Maternity leave 25/02/22 to 01/09/22</i>) | | General | Quality & Curriculum | 4 of 4 |
| Chris Oakley | 29/04/2021 | 4 years | | General | Finance | 5 of 7 |
| Kish Sidhu | 29/04/2021 | 4 years | | General | Finance | 4 of 7 |
| Ian Greggor | 29/04/2021 | 4 years | | General | Chair of Finance Estates | 6 of 7 |
| Martin Tugwell | 07/07/2022 | 4 years | | General | To be confirmed | 1 of 1 |
| Adam Poland | 01/01/2022 | 4 years | | Staff | Search & Development | 3 of 3 |
| Alex Reynolds | Appointed 17/10/2022 | 4 years | | Staff | To be confirmed | N/A |
| Benedicta Duhoe | Elected for the academic year | 1 year | | Student | Quality & Curriculum | 4 of 4 |
| Taysha Sargeant | Elected for the academic year | 1 year | 30/3/2022 | Student | Search & Development | 1 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 seven times during the year ended 31 July 2022.

The Corporation conducts its business through its Audit, Remuneration, Search & Development, Quality & Curriculum, Finance and Estates 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 seven 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.

Clerk to the Corporation Training and Development

The Clerk to the Corporation undertakes continuous professional development and utilises a strong network of experienced clerks and governance professionals to support the role. In addition to previous ICSA qualifications the Clerk attended various AoC South East Clerks and Governance Professionals' Network meetings throughout the year and also attended the AoC's Annual Governance Professionals Conference. The support of a National Leader of Governance (NLG) continued throughout the year to support the Clerk and assist in board development. The Clerk continues training with the Education and Training Foundation (ETF) and will be completing the ETF Governance Professionals Leadership Programme 2022-23 in October 2022.

Governor training and development

The College subscribes to the Education and Training Foundation's Governor Development Programme (GDP) delivered through FutureLearn. All Governors are required to register as members when they join the Corporation and mandatory training includes completion of Safeguarding, Prevent and Equality, Diversity and Inclusion training modules directed at governors. The following are offered as optional training/networking with a good response rate from Members:

- GDP Modules for Audit, Finance and Quality Committee Members
- AoC Masterclasses on various FE governance topics e.g. Introduction to FE Finance; Funding & Data, Audit Committee masterclass etc.
- Unloc Student Governor induction and training events
- AoC Staff Governor training
- AoC Chairs of Audit, Finance and Quality Committees Network Meetings

The Clerk maintains an up-to-date record of all Governors training and development.

Corporation performance

The Corporation carried out a self-assessment in November 2021 to review how well Governors felt the Corporation had fulfilled its responsibilities during 2020/21 as set out in the Code of Good Governance for English Colleges ("the Code"). 13 out of 15 Governors completed the self-assessment review. Overall 94.6% of Board Members fully agreed and 5.4% partially agreed that the Corporation discharged its responsibilities set out in the Code.

The Corporation commissioned an external board review funded by the DfE which was received by the Board in April 2021. The action plan to address recommendations was approved and regularly reviewed by the Corporation and all recommendations were completed in the 2021/22 year. DfE guidance states that FE Corporations must have an external governance review every 3 years and therefore the Corporation will commission its next review at the start of 2024.

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 and this is now incorporated into the revised Code of Good Governance for English Colleges. 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 (resigned as Principal on 10 July 2022)
 Jenny Craig, Principal and Chief Executive (appointed as Principal on 11 July 2022)
 Clare Rooney, Vice Principal Learning and Quality
 John McGrath, Vice Principal Corporate Services

All senior post holder salaries and the Clerk's salary are benchmarked annually against the results of the AoC College Senior Pay Survey. The pay multiple of Karen Mitchell as the outgoing 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 2021/22. The pay multiple of Jenny Craig as the incoming Principal and Chief Executive is £135,000 (similarly in line with market value and in the median quartile of benchmarking).

Further details of remuneration for the year ended 31 July 2022 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.

The attendance for the members of the Audit Committee at its three meetings in the year were as follows:

| Name | Status of appointment | Meeting attendance |
|---------------------|---|---------------------------|
| Eddie Weiss (Chair) | Corporation general member | 3 of 3 |
| Nick Bevan | Corporation general member | 3 of 3 |
| Bethan Waters | Corporation general member | 2 of 3 |
| Andrew King | Co-opted member Resigned 30/03/2022 | 2 of 2 |
| Colin Hayfield | Co-opted member Appointed 22/06/2022 | 1 of 1 |

Search and Development Committee

The Search and Development Committee comprises six 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.

Quality and Curriculum Committee

The Quality and Curriculum Committee comprises six members of the Corporation and a co-optee. The Committee operates in accordance with written terms of reference approved by the Corporation and is responsible for overseeing all aspects of the College which relate to students, including curriculum offer, performance, support and improvement strategies.

Finance Committee

The Finance Committee comprises five members of the Corporation and is responsible for monitoring and planning for the College's financial position and financial control systems, ensuring the Corporation discharges its financial responsibilities correctly and that the College remains financially viable.

Estates Committee

The Estates Committee comprises eight members of the Corporation and is responsible for overseeing the implementation of the College's estates strategy on a more regular and deeper basis than can be afforded in the main Corporation meetings.

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 2022 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 2022 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 – these plans are endorsed by the Corporation on the recommendation of the Audit Committee. Reports from the internal audit service include an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes for the areas reviewed.

The College is mindful of its responsibilities to ensure it operates in line with the regulations laid down by its funding bodies. The controls to ensure this takes place include the establishment of operating procedures and processes that generate student records and funding, and the provision of adequate resources to manage and monitor compliance – this includes both the appropriate staffing resources and other resources such as software monitoring tools.

For the year ending 31 July 2022 the Audit Committee has considered the evidence and reports commissioned and made available to it and has concluded that controls both previously implemented and improved are continuing to prove effective and the overall position has been satisfactory.

Going Concern

The College has been able to successfully mitigate the major impacts of COVID within the financial results of 2020/21 and 2021/22. Nevertheless, and as described earlier in the Report of the Governing Body, other impacts will take longer to unwind. Combined with the current uncertain economic outlook and cost turbulence, the College will be required to maintain rigorous cost control measures whilst we develop the opportunities that exist to retrain young people and adults of all ages. The funds available from the sale of Hampden Fields will be able to support some of this activity.

As a result and after making appropriate enquiries, including the review of cash flow forecasts to 31 July 2024, 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 35.

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 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2022.

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

Approved by order of the members of the Corporation on 12th December 2022 and signed on its behalf by:

M Hailey
Chair of Governors

J Craig
Accounting Officer

Statement on the College's regularity, propriety and compliance

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

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

I 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 ESFA.

J Craig
Accounting Officer

Date: 12/12/2022

Statement of the chair of governors

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

M Hailey
Chair of Governors

Date: 12/12/2022

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA and any other relevant funding bodies, the corporation – through its accounting officer – is required to prepare financial statements and, within the Members' Report, an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which gives a true and fair view of the state of affairs of the corporation and 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
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The corporation is also required to prepare a members' report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

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

Approved by order of the members of the Corporation on 12th December 2022 and signed on its behalf by:

M Hailey
Chair of Governors

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 2022 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 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

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

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

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

Other information

The other information comprises the information included in the Annual Report 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 other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2021 to 2022 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 Governing Body of Aylesbury College

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page 26, the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the college through discussions with governors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the college, including Keeping Children Safe in Education under the Education Act 2002, Ofsted, ESFA and OfS regulatory requirements, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the college's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed all transactions listed;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 22 June 2022. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Alliotts LLP

Chartered Accountants

Friary Court

13-21 High Street

Guildford

Surrey

GU1 3DL

Dated: December 2022

Buckinghamshire College Group
Statement of Comprehensive Income for the Year to 31 July 2022

| | Notes | 2022 £000 | 2021 £000 |
|--|--------------|-----------------------------|----------------------------|
| Income | | | |
| Funding body grants | 2/3 | 26,170 | 24,220 |
| Tuition fees and education contracts | 3 | 995 | 1,292 |
| Other grants and contracts | 4 | 184 | 298 |
| Other income | 5 | 1,355 | 869 |
| Investment income | 6 | 26 | - |
| Total Income | | <u>28,730</u> | <u>26,679</u> |
| Expenditure | | | |
| Staff costs | 7 | 15,099 | 15,302 |
| Restructuring costs | 7 | 10 | - |
| Other operating expenses | 8 | 13,074 | 11,623 |
| Depreciation and amortisation | 11/12 | 2,229 | 2,043 |
| Interest payable and other finance costs | 9 | 828 | 644 |
| Total Expenditure | | <u>31,240</u> | <u>29,612</u> |
| Deficit before other gains and losses | | (2,510) | (2,933) |
| Profit on disposal of tangible fixed assets | 11 | 52,716 | - |
| Surplus / (Deficit) before tax | | 50,206 | (2,933) |
| Taxation | 10 | - | - |
| Surplus / (Deficit) for the year | | <u>50,206</u> | <u>(2,933)</u> |
| Remeasurement of net defined benefit pension liability | 17/19 | 24,835 | 2,088 |
| Total Comprehensive Income for the year | | <u><u>75,041</u></u> | <u><u>(845)</u></u> |

Buckinghamshire College Group
Balance Sheet as at 31 July 2022

| | Notes | 2022 £000 | 2021 £000 |
|--|-------|---------------|----------------|
| Non current assets | | | |
| Tangible fixed assets | 11 | 36,506 | 37,713 |
| Intangible assets | 12 | 124 | 175 |
| Debtors due after one year | | 24,405 | - |
| | | <u>61,035</u> | <u>37,888</u> |
| Current assets | | | |
| Stock | | 16 | 18 |
| Debtors | 13 | 9,258 | 885 |
| Cash at bank and in hand | | 30,712 | 2,691 |
| | | <u>39,986</u> | <u>3,594</u> |
| Current liabilities: Creditors | 14 | (16,719) | (6,290) |
| Net current liabilities | | <u>23,267</u> | <u>(2,696)</u> |
| Total assets less current liabilities | | 84,302 | 35,192 |
| Creditors - amounts falling due after more than one year | 15 | (8,011) | (11,405) |
| Provisions for liabilities | | | |
| Defined benefit pension schemes | 17 | (9,108) | (31,618) |
| Other provisions | 17 | (163) | (190) |
| Total net assets | | <u>67,020</u> | <u>(8,021)</u> |
| Reserves | | | |
| Unrestricted income and expenditure reserve | | 60,791 | (14,387) |
| Revaluation reserve | | 6,229 | 6,366 |
| Total reserves | | <u>67,020</u> | <u>(8,021)</u> |

The financial statements on pages 31 to 51 were approved and authorised for issue by the governing body on 12 December 2022 and were signed on its behalf by:-

M Hailey
Chair of Governors

J Craig
Accounting Officer

Buckinghamshire College Group**Statement of Changes in Reserves for the year ended 31 July 2022**

| | Income and expenditure reserve | Revaluation reserve | Total |
|--|---|--------------------------------|----------------|
| Balance at 1st August 2020 | (13,679) | 6,503 | (7,176) |
| Deficit for the year | (2,933) | - | (2,933) |
| Other comprehensive income | 2,088 | - | 2,088 |
| Transfer between revaluation and income and expenditure reserves | 137 | (137) | - |
| Total comprehensive income for the year | (708) | (137) | (845) |
| Balance at 31st July 2021 | (14,387) | 6,366 | (8,021) |
| Surplus for the year | 50,206 | - | 50,206 |
| Other comprehensive income | 24,835 | - | 24,835 |
| Transfer between revaluation and income and expenditure reserves | 137 | (137) | - |
| Total comprehensive income for the year | 75,178 | (137) | 75,041 |
| Balance at 31st July 2022 | 60,791 | 6,229 | 67,020 |

Buckinghamshire College Group
Cash Flow Statement for the year ended 31 July 2022

| | Notes | 2022 £000 | 2021 £000 |
|---|--------------|----------------------------|----------------------------|
| Cash generated from operating activities | | | |
| Surplus / (Deficit) for the year | | 50,206 | (2,933) |
| Adjustment for | | | |
| Depreciation and amortisation | | 2,229 | 2,043 |
| Decrease in stocks | | 2 | 3 |
| Increase / (decrease) in debtors due within one year | | (754) | 11 |
| Increase in creditors | | (298) | 1,549 |
| Pension costs less contributions payable | | 1,796 | 1,669 |
| Investment income | | (26) | - |
| Interest payable | | 828 | 644 |
| Profit on disposal of fixed assets | | <u>(52,716)</u> | <u>-</u> |
| | | <u>1,267</u> | <u>2,986</u> |
| Investing activities | | | |
| Proceeds from sale of fixed assets | | 53,343 | - |
| Debtors due after one year resulting from sale of fixed assets | | (24,405) | - |
| Debtors due within one year resulting from the sale of fixed assets | | (7,619) | - |
| Increase in creditors resulting from the sale of fixed assets | | 12,402 | - |
| Investment income | | 26 | - |
| Purchase of tangible and intangible fixed assets | | <u>(1,597)</u> | <u>(975)</u> |
| | | <u>32,150</u> | <u>(975)</u> |
| Financing activities | | | |
| Interest paid | | (327) | (222) |
| Repayment of amounts borrowed | | <u>(5,069)</u> | <u>(412)</u> |
| | | <u>(5,396)</u> | <u>(634)</u> |
| Increase / (Decrease) in cash and cash equivalents in the period | | <u>28,021</u> | <u>1,377</u> |
| Cash and cash equivalents at beginning of the year | 18 | 2,691 | 1,314 |
| Cash and cash equivalents at end of the year | 18 | <u>30,712</u> | <u>2,691</u> |

Notes to the Financial Statements for year ended 31 July 2022**1 Accounting policies****General Information**

Aylesbury College trading as 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 17.

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 2021 to 2022 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 no longer has any loans after being able to replay them during the year. The College also now has a significant reserve available to fund capital projects as described in the Report of the Governing Body.

Accordingly, the College has a reasonable expectation based on the review of cash flow forecasts to 31 July 2024 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 2022 (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 (deemed cost for land held at valuation at the date of transition to FRS102) less accumulated depreciation and accumulated impairment losses.

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 2022 (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.

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

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.

Notes to the Financial Statements for year ended 31 July 2022 (continued)**1 Accounting policies (continued)**

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.

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 2022 (continued)

| 2 Funding body grants | 2022 | 2021 |
|--|----------------------|----------------------|
| | £000 | £000 |
| Recurrent grants | | |
| Education and Skills Funding Agency - adult education budget | 2,497 | 2,210 |
| Education and Skills Funding Agency - 16-18 | 16,093 | 15,387 |
| Education and Skills Funding Agency - apprenticeships | 1,731 | 1,706 |
| Greater London Authority - adult education budget | 481 | 630 |
| Office for Students - higher education | 3 | 42 |
| Other Funding Body | 4,544 | 3,878 |
| Specific grants | | |
| Education and Skills Funding Agency - Covid Testing | 18 | 34 |
| Releases of government capital grants | 803 | 333 |
| | <u>26,170</u> | <u>24,220</u> |
| 3 Total grant and fee income | | |
| | 2022 | 2021 |
| | £000 | £000 |
| Grant income from the OfS | 3 | 42 |
| Grant income from other bodies | <u>26,167</u> | <u>24,178</u> |
| Total grants | 26,170 | 24,220 |
| Fee income from taught awards | 356 | 642 |
| Fee income from non-qualifying courses | <u>639</u> | <u>650</u> |
| Total tuition fees and education contracts | 995 | 1,292 |
| | <u>27,165</u> | <u>25,512</u> |
| 4 Other grants and contracts | | |
| | 2022 | 2021 |
| | £000 | £000 |
| Coronavirus Job Retention Scheme grant | - | 101 |
| Other grant income | 63 | 76 |
| Release of other deferred capital grants | 121 | 121 |
| | <u>184</u> | <u>298</u> |
| 5 Other income | | |
| | 2022 | 2021 |
| | £000 | £000 |
| Creche income | 552 | 621 |
| Catering and conferences | 19 | 3 |
| Other income generating activities | 97 | 56 |
| Miscellaneous income | 687 | 189 |
| | <u>1,355</u> | <u>869</u> |

Notes to the Financial Statements for year ended 31 July 2022 (continued)

| 6 Investment Income | 2022 | 2021 |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| Other investment income | 26 | - |
| | <u>26</u> | <u>-</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:

| | 2022 | 2021 |
|--------------------|---------------|---------------|
| | Number | Number |
| Teaching staff | 268 | 282 |
| Non teaching staff | 198 | 216 |
| | <u>466</u> | <u>498</u> |

| Staff costs for the above persons | 2022 | 2021 |
|--|---------------|---------------|
| | £000 | £000 |
| Wages and salaries | 9,781 | 10,132 |
| Social security costs | 868 | 861 |
| Other pension costs | 3,714 | 3,659 |
| Payroll subtotal | <u>14,363</u> | <u>14,652</u> |
| Contracted out staffing services | 736 | 650 |
| Restructuring costs | | |
| - Contractual payments | 10 | - |
| Total Staff Costs | <u>15,109</u> | <u>15,302</u> |

Notes to the Financial Statements for year ended 31 July 2022 (continued)**7 Staff costs and key management personnel remuneration (continued)**

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:

| | Key Management Personnel | |
|------------------------|---------------------------------|------------------------|
| | 2022 Number | 2021 Number |
| £ 5,001 to £ 10,000 | 1 | - |
| £ 45,001 to £ 50,000 | 1 | - |
| £ 50,001 to £ 55,000 | - | 1 |
| £ 55,001 to £ 60,000 | 2 | 3 |
| £ 80,001 to £ 85,000 | 1 | 1 |
| £ 85,001 to £ 90,000 | 1 | 1 |
| £ 145,001 to £ 150,000 | 1 | 1 |
| | <u>7</u> | <u>7</u> |

| | 2022 Number | 2021 Number |
|---|------------------------|------------------------|
| The number of Key Management Personnel including the Principal was: | 7 | 7 |

| | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| Their remuneration is made up as follows: | | |
| Salaries | 476 | 510 |
| Performance related pay | 16 | 17 |
| National insurance | 62 | 65 |
| Pension contributions | 102 | 109 |
| Total remuneration | <u>656</u> | <u>701</u> |

During the period, the Accounting Officer changed. The above remuneration include amounts payable to the Accounting Officers (who is also the highest paid of key management personnel) as follows:

| | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| <i>Karen Mitchell - Principal up to and including 10 July 2022 and member of staff until 31 August 2022:</i> | | |
| Salaries | 142 | 142 |
| Performance related pay | 6 | 6 |
| Pension contributions | 34 | 34 |
| Total remuneration | <u>182</u> | <u>182</u> |

| | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| <i>Jenny Craig - Principal from 11 July 2022:</i> | | |
| Salaries | 8 | - |
| Pension contributions | 2 | - |
| Total remuneration | <u>10</u> | <u>-</u> |

Notes to the Financial Statements for year ended 31 July 2022 (continued)**7 Staff costs and key management personnel remuneration (continued)**

To allow for a period of handover, Karen Mitchell remained as an employee of the College for 7 weeks following the appointment of Jenny Craig. 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 benchmarks used to assess the remuneration of the accounting officer were reviewed by the College's Remuneration Committee in 2021-22, however no action was recommended. 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 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.

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:

| | 2022 | 2021 |
|--|-------------|-------------|
| Principal's basic salary as a multiple of the median basic salary of all staff | 5.6 | 5.8 |
| Principal's total remuneration as a multiple of the median total remuneration of all staff | 5.9 | 6.0 |

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 £527 of governors expenses were paid (2021 - £Nil) in respect of travel and subsistence and other out of pocket expenses in the course of their duties.

| 8 Other Operating Expenses | 2022 | 2021 |
|---|----------------------|----------------------|
| | £000 | £000 |
| Teaching costs | 9,674 | 8,274 |
| Non teaching costs | 1,793 | 1,919 |
| Premises costs | 1,607 | 1,430 |
| Total | <u>13,074</u> | <u>11,623</u> |
| Other operating expenses include: | 2022 | 2021 |
| | £000 | £000 |
| Auditors' remuneration: | | |
| Financial statements auditor | 39 | 50 |
| Internal audit | 11 | 5 |
| Other services provided by financial statements auditor | 2 | 4 |
| Other services provided by internal auditor | - | - |
| Inventory recognised as expense | 39 | 27 |
| Operating lease rentals | 152 | 155 |
| | <u>152</u> | <u>155</u> |

Notes to the Financial Statements for year ended 31 July 2022 (continued)

| 9 Interest Payable and other finance costs | 2022 | 2021 |
|---|-------------------|-------------------|
| | £000 | £000 |
| On bank loans, overdrafts and other loans: Repayable wholly or partly in more than 5 years | 327 | 222 |
| | <u>327</u> | <u>222</u> |
| Pension finance costs: | | |
| Local Government Pension Scheme (note 19) | 498 | 419 |
| Enhanced pensions (note 17) | 3 | 3 |
| Total | <u>828</u> | <u>644</u> |

| 10 Taxation | 2022 | 2021 |
|--------------------|-----------------|-----------------|
| | £000 | £000 |
| Total | <u>-</u> | <u>-</u> |

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 | Equipment | Furniture | Total |
|---------------------------------------|--|---------------------|-------------------|----------------------|
| | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | |
| At 1 August 2021 | 56,339 | 5,540 | 644 | 62,523 |
| Additions | 792 | 730 | 75 | 1,597 |
| Disposals | (612) | (670) | - | (1,282) |
| At 31 July 2022 | <u>56,519</u> | <u>5,600</u> | <u>719</u> | <u>62,838</u> |
| Depreciation | | | | |
| At 1 August 2021 | 20,133 | 4,114 | 563 | 24,810 |
| Charge for year | 1,616 | 530 | 33 | 2,179 |
| Elimination in respect of disposals | - | (657) | - | (657) |
| At 31 July 2022 | <u>21,749</u> | <u>3,987</u> | <u>596</u> | <u>26,332</u> |
| Net book value at 31 July 2022 | <u>34,770</u> | <u>1,613</u> | <u>123</u> | <u>36,506</u> |
| Net book value at 31 July 2021 | <u>36,206</u> | <u>1,426</u> | <u>81</u> | <u>37,713</u> |

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

During the year the Hampden Fields site was disposed of for a gross price of £62,500,000 which is being paid over a period of 5 financial years. The value of the land in the College's accounts was £612,000 and this was released into the profit on disposal. As a result of the College subsequently repaying its outstanding loans, the charges secured over the Aylesbury (Oxford Road) and Amersham (Stanley Hill) sites have been released by Lloyds and Barclays Bank respectively.

Notes to the Financial Statements for year ended 31 July 2022 (continued)

| 12 Intangible Fixed Assets | IT Software £000 | |
|---|-----------------------------|----------------------|
| Cost | | |
| At 1 August 2021 | | 782 |
| Disposals | | (296) |
| At 31 July 2022 | | <u>486</u> |
| Amortisation | | |
| At 1 August 2021 | | 607 |
| Charge for year | | 50 |
| Elimination in respect of disposals | | (295) |
| At 31 July 2022 | | <u>362</u> |
| Net book value at 31 July 2022 | | <u>124</u> |
| Net book value at 31 July 2021 | | <u>175</u> |
| 13 Debtors | 2022 | 2021 |
| | £000 | £000 |
| Amounts falling due within one year: | | |
| Trade debtors | 7,884 | 70 |
| Prepayments and accrued income | 1,361 | 815 |
| Amounts owed by the ESFA | 13 | - |
| Total | <u>9,258</u> | <u>885</u> |
| 14 Creditors: Amounts Falling Due Within One Year | 2022 | 2021 |
| | £000 | £000 |
| Bank loans and overdrafts | - | 1,362 |
| Trade creditors | 193 | 156 |
| Other taxation and social security | 12,410 | - |
| Accruals and deferred income | 2,541 | 2,899 |
| Amounts owed to the ESFA | 991 | 1,448 |
| Deferred Capital Grants | 584 | 425 |
| Total | <u>16,719</u> | <u>6,290</u> |
| 15 Creditors: Amounts Falling Due After More Than One Year | 2022 | 2021 |
| | £000 | £000 |
| Bank loans | - | 3,707 |
| Deferred Capital Grants | 8,011 | 7,698 |
| Total | <u>8,011</u> | <u>11,405</u> |

Notes to the Financial Statements for year ended 31 July 2022 (continued)**16 Borrowings**

Bank loans are repayable as follows:

| | 2022 | 2021 |
|---------------------------|-------------|--------------|
| | £000 | £000 |
| In one year or less | - | 1,362 |
| Between one and two years | - | 3,707 |
| Total | - | 5,069 |

As a result of receiving funds from the disposal of Hampden Fields as described in note 11, the College determined to repay all its outstanding loans during the year.

17 Provisions for Liabilities

| | Pension Liability (note 19) | Enhanced Pension | Total |
|---|--|-------------------------|----------------|
| | £000 | £000 | £000 |
| At 1 August 2021 | (31,618) | (190) | (31,808) |
| Cost transferred to Statement of Comprehensive Income: | | | |
| Interest cost | (498) | (3) | (501) |
| FRS 102 (28) Employer Service Charge less Employer Contribution | (1,797) | - | (1,797) |
| Actuarial gain / (loss) | 24,805 | 30 | 24,835 |
| At 31 July 2022 | (9,108) | (163) | (9,271) |

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.

18 Consolidated analysis of changes in net funds

| | At 1 August 2021 | Cash flows | At 31 July 2022 |
|--------------------------|-----------------------------|-------------------|----------------------------|
| | £000 | £000 | £000 |
| Cash at bank and in hand | 2,691 | 28,021 | 30,712 |
| Bank loans | (5,069) | 5,069 | 0 |
| Net debt | (2,378) | 33,090 | 30,712 |

Notes to the Financial Statements for year ended 31 July 2022 (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 Council. Both are multi-employer defined benefit schemes.

| | 2022 | 2021 |
|---|---------------------|---------------------|
| | £000 | £000 |
| Teachers' Pension Scheme: contributions paid | 874 | 899 |
| Local Government Pension Scheme: | | |
| Contributions paid | 1,044 | 1,091 |
| FRS 102 (28) Charge | <u>1,796</u> | <u>1,669</u> |
| Charge to the Statement of Comprehensive Income (staff costs) | 2,840 | 2,760 |
| Total Pension Cost for Year within staff costs | <u>3,714</u> | <u>3,659</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 2022.

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 £198 billion
- Notional past service deficit of £22 billion

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards, 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 2021/22 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 £874,000 (2021: £899,000).

Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by Buckinghamshire Council. The total contributions made for the year ended 31 July 2022 were £1,322,000, of which employer's contributions totalled £1,044,000 and employees' contributions totalled £278,000. 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. Of the total contribution paid, £223,000 was made by the employer in respect of past service liability, the duration of which is estimated by the pension actuary to be 23 years.

Notes to the Financial Statements for year ended 31 July 2022 (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 2022 updated to 31 July 2022 by a qualified independent actuary.

| | At 31 July 2022 | At 31 July 2021 |
|--------------------------------------|----------------------------|----------------------------|
| Rate of increase in salaries | 3.80% | 3.85% |
| Future pensions increases | 2.80% | 2.85% |
| Discount rate for scheme liabilities | 3.40% | 1.60% |
| 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 2022 | At 31 July 2021 |
|-----------------------------|----------------------------|----------------------------|
| <i>Retiring today</i> | | |
| Males | 21.0 | 21.6 |
| Females | 24.5 | 25.0 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.3 | 22.9 |
| Females | 26.0 | 26.4 |

The assets in the scheme were:

| | Value at 31 July 2022 £000 | Value at 31 July 2021 £000 |
|--|---|---|
| Equities | 20,451 | 21,365 |
| Gilts | 3,236 | 3,688 |
| Bonds | 5,013 | 5,510 |
| Property | 2,431 | 2,286 |
| Cash | 1,050 | 530 |
| Other | 4,976 | 5,948 |
| Total market value of assets | 37,157 | 39,327 |
| Actual (loss) / return on plan assets | (1,671) | 5,288 |
| Amounts recognised in the Statement of Comprehensive Income | 2022 £000 | 2021 £000 |
| Employer service cost (net of employee contributions) | 2,840 | 2,760 |
| Total operating charge | 2,840 | 2,760 |

Notes to the Financial Statements for year ended 31 July 2022 (continued)**19 Pension and similar obligations (continued)**

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | £000 | £000 |
| Analysis of pension finance costs | | |
| Expected return on pension scheme assets | (625) | (459) |
| Interest on pension liabilities | 1,123 | 878 |
| Pension finance costs | <u>498</u> | <u>419</u> |
| Amount recognised in Other Comprehensive Income | | |
| | 2022 | 2021 |
| | £000 | £000 |
| Actual return less expected return on pension scheme assets | (2,325) | 4,800 |
| Experience (loss) / gains arising on the scheme liabilities | (162) | 1,389 |
| Change in financial and demographic assumptions underlying the scheme liabilities | 27,292 | (4,116) |
| Amount recognised in Other Comprehensive Income | <u>24,805</u> | <u>2,073</u> |
| Asset and Liability Reconciliation | | |
| | 2022 | 2021 |
| | £000 | £000 |
| Reconciliation of Liabilities | | |
| Liabilities at start of period | 70,945 | 65,541 |
| Current service cost | 2,840 | 2,760 |
| Interest cost | 1,123 | 878 |
| Employee contributions | 278 | 297 |
| Experience loss / (gains) on scheme liabilities | 162 | (1,389) |
| Changes in financial assumptions | (27,292) | 4,116 |
| Benefits paid | (1,791) | (1,258) |
| Liabilities at end of period | <u>46,265</u> | <u>70,945</u> |
| Reconciliation of Assets | | |
| Assets at start of period | 39,327 | 33,938 |
| Interest on assets | 625 | 459 |
| Administration expenses | (29) | (29) |
| Return on assets | (2,296) | 4,829 |
| Employer contributions | 1,044 | 1,091 |
| Employee contributions | 278 | 297 |
| Benefits paid | (1,792) | (1,258) |
| Assets at end of period | <u>37,157</u> | <u>39,327</u> |

Notes to the Financial Statements for year ended 31 July 2022 (continued)**20 Financial Commitments**

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

| | | |
|--|-------------|-------------|
| As a Lessee | 2022 | 2021 |
| | £000 | £000 |
| Other:- | | |
| Expiring within one year | 84 | 117 |
| Expiring within two and five years inclusive | 43 | 63 |
| | <u>127</u> | <u>180</u> |
| As a Lessor | 2022 | 2021 |
| | £000 | £000 |
| Other:- | | |
| Expiring within one year | 5 | 4 |
| Expiring within two and five years inclusive | 19 | 19 |
| Expiring in over five years | 42 | 50 |
| | <u>66</u> | <u>73</u> |

Acting as a lessor, the commitments represent 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 related parties, the transactions during the year were as follows:

| | | |
|---|-------------|-------------|
| | 2022 | 2021 |
| | £000 | £000 |
| Mix 96 - expenses recognised as part of Other Operating Expenses | - | 2 |
| Buckinghamshire UTC - expenses recognised as part of Other Operating Expenses | 10 | 10 |
| Amounts owed by Buckinghamshire UTC | 2 | 2 |

None of the above parties are any longer related parties as of the balance sheet date. Buckinghamshire UTC joined a multi academy trust on 1 November 2021 and the College is no longer represented on its governing body.

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.

Notes to the Financial Statements for year ended 31 July 2022 (continued)

| 22 Amounts Disbursed as Agent - learner support funds | 2022 | 2021 |
|--|-------------|-------------|
| | £000 | £000 |
| Access Funds | | |
| Funding Body Grants - 16-19 bursary support | 173 | 235 |
| Funding Body Grants - Other bursary support | 166 | 226 |
| | <u>339</u> | <u>461</u> |
| Disbursed to students | (317) | (338) |
| Administration costs | (14) | (17) |
| | <u>7</u> | <u>106</u> |
| Balance unspent as at 31 July, included in creditors | <u>7</u> | <u>106</u> |

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

23 Events after the Reporting Period

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector, which includes sixth form colleges, into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF AYLESBURY COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (THE ESFA)

In accordance with the terms of our engagement letter dated 22 June 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Aylesbury College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the post-16 audit code of practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Respective responsibilities of Aylesbury College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusion included:

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

This list is not exhaustive and we perform additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities which govern them nor have been improper.

Use of our report

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

Alliotts LLP

Chartered Accountants
Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

Dated: December 2022