

Financial Report



For the year ending 31 July 2021



Barnsley College

Financial Statements

For the year ended 31 July 2021

BARNSLEY COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

Barnsley College
 Financial Statements
 For the year ended 31 July 2021

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Key Management Personnel, Board of Governors and Professional advisers**Key Management Personnel**

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2020/21:

Principal and CEO; Accounting Officer	Yiannis Koursis	
Deputy Principal Development	Ben Owen	Resigned 30/10/2020
Deputy Principal Development & Productivity	David Akeroyd	Appointed 17/10/2020
Deputy Principal Culture, Place and Communities	Liz Leek	
Vice Principal Corporate Services	Tony Johnson	
Vice Principal Finance	Laila Lawton	
Vice Principal Funding & Performance	Ian French	Until 07/12/2020
Vice Principal Quality & Student Experience	Toni Rhodes	Resigned 02/07/2021
Vice Principal Quality	Ken Merry	Appointed 10/05/2021
Vice Principal Technical & Professional Education	David Akeroyd	Until 16/10/2020
Vice Principal Technical & Professional Education	Gavin Batty	Appointed 18/01/2021
Executive Director Funding & Performance	James Russell	from 07/12/2020 to 17/07/2021

Board of Governor

A full list of Governors is given on pages 23-24 of these Financial Statements.

Heather Jackson acted as Director of Governance.

Professional advisers**Financial statements auditors and reporting accountants:**

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds, LS1 4BN

Internal auditors:

RSM
5th Floor, Central Square
29 Wellington Street
Leeds, LS1 4DL

Bankers

Barclays Bank Plc
North East & Yorkshire Larger Business Team
PO Box 378, 71 Grey Street
Newcastle Upon Tyne, NE99 1JP

Santander
Bootle
Merseyside, L30 4GB

NatWest
26 Market Hill
Barnsley, S70 2QE

Solicitors

Martineau Johnson
1 Colmore Sq,
Birmingham, B4 6AA

DAC Beachcroft
St Pauls House
23 Park Square South
Leeds
LS1 2ND

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Strategic Report

Objectives and Strategy

The members present their report and the audited financial statements for the year ended 31 July 2021.

Legal Status

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

College Vision 2020/21

The College's 2020/21 vision was 'Transforming lives'.

Group Companies

The College has four subsidiary companies. The principal business of Barnsley College Development Company Limited is property development; the principal business of Think Barnsley Limited is to provide employment opportunities for apprentices; the principal business of Independent Training Services Limited (ITS) is that of a training provider; and Smartstyle Technology Training Limited is that of general training. The Strategic Report covers the group results.

An Outstanding Tertiary College

The College was most recently inspected by Ofsted in November 2010 and achieved the overall grade of outstanding (Grade 1). Ofsted Inspectors identified that:

"Leadership and management are outstanding. The Principal and governors provide strong and effective leadership, which places learners at the heart of the College's work, and have a relentless drive towards excellence".

The College continues to self-assess its performance as outstanding.

Delivering Outstanding Results

Achievement rates for young people are high and remain significantly above the national averages. Following changes in government policy, there is now an increased focus on measures other than achievement rates.

These include:

- Stakeholder satisfaction.
- Progress in mathematics and English.
- Progress from starting point.
- Securing positive progression/destinations when the learner leaves College.

Learner and employer surveys continue to show high levels of satisfaction with the College. A change in College policy has resulted in more learners studying and achieving in both English and mathematics. New apprenticeship standards continue to be developed to create new pathways into employment.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. It is developing a robust estate and property strategy with governor input and a draft has already been produced. Tangible resources include the Old Mill Lane (main College site), the Sixth Form College and the Construction Centre building. Most recently, the Sci-Tech building has been refurbished as a Digital Hub, for the delivery of teaching and learning to learners looking for a digital-based

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Strategic Report (continued)

qualification and to provide some digital training to all other College students. It is also available for use by local business and the community.

Financial

The group has £54.5m (2019/20: £47.5m) of net assets including £24.2m (2019/20: £26.1m) pension liability and long-term debt of £15.3m (2019/20: £16.7m).

People

The group employs 875 people, of whom 380 are teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining and building upon a strong College brand is essential for the College's success at attracting students and external relationships.

Stakeholder Relationships

In line with other Colleges and with universities, Barnsley College has many stakeholders. These include:

- Students
- Education sector funding bodies
- FE Commissioner
- Office for Students (OfS)
- Staff
- Local employers (with specific links)
- Local authorities
- Local Enterprise Partnerships (LEPs)
- Local schools
- The local community
- Other FE institutions
- **MPs**
- Trade unions
- Professional bodies

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

Public Benefit

Barnsley College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 23 and 24.

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.

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Strategic Report (continued)

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

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

Development and Performance**COVID-19 impact on 2020/21 operational and financial performance**

Throughout the year, the College has acted in accordance with national guidance including closure of College sites to the majority of staff and students and a move to undertaking educational activities remotely, and opening to staff and students to the required levels up to and including full on-site delivery. The College partially opened in September 2020 for one term before re-entering lockdown in January 2021. In March 2021 staff and students re-entered the college with 75% of delivery taking place face to face.

Operationally the College had to create new systems for 'booking in' to the College as well as new rotas for Fire Safety and Duty Manager. This has required the rescheduling of timetables for individual staff and managers and necessitated the creation of new posts in Health & Safety. It was essential that the various rules and guidelines were enforced, including one-way systems, mask wearing and social distancing.

Catering and Estates facilities have had to adapt to new conditions and levels of demand. IT distributed far more resource than has been previously necessary (mainly digital devices such as laptops) and we have seen a significant increase in the need for trouble shooting and problem solving. We continued to purchase a significant amount of PPE and COVID-19 protection measures such as screens, face masks and sanitiser. Significant amounts of new signage were required to ensure that staff and students understood the requirements that were in place at various times.

The greatest impact has been felt by Teachers and Assessors/Trainers. They have radically altered the way they interact with students, both in terms of teaching and socially, and have adapted to the varying requirements in terms of lockdown and face to face delivery. Students were supplied with devices where appropriate, including laptops, dongles with additional data tariffs to enable them to continue to engage online. There was an increased requirement for scrutiny and safeguarding to ensure that students were not negatively affected by the new arrangements.

Business continues to proceed as close to normal as possible, including the application of HR policies such as appraisal, performance monitoring and training and development. The same applies to students with tutorial and pastoral monitoring continuing alongside curriculum delivery.

Safeguarding continues to be of the highest priority and High Needs and High-Risk students were contacted with increased frequency.

The College commenced the planning and development of its Mass Testing facility, which was located in the Eastgate building. The facility was piloted in January to ensure the safety and wellbeing of physically present students and the staff who were supporting them. This was a huge exercise involving many thousands of students with a similarly large staff resource required to

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Strategic Report (continued)

manage the process. The testing system became embedded in processes and continues to be undertaken by staff and students.

Financially, the onset of the pandemic and the first national lockdown in March 2020 created an unclear position for some income streams, most notably apprenticeships and commercial income. The College agreed an exceptional budget for 2020/21 in light of the uncertainty surrounding income during the pandemic. The College income targets and the earnings before interest, tax, depreciation and amortisation (EBITDA) budget was lower than normal and the budget did not meet any of the College key financial targets. This decision was taken to protect the workforce and no redundancies as a result of the pandemic were planned. Consideration was given to the financial position of the College and it was deemed the College finances were robust enough to withstand reduced financial performance for one year. Furthermore, this was agreed with the College banks and a covenant variation for the year ended July 2021 was agreed. The College limited capital investment.

The College continued its T Level capital project at Sci-Tech that was funded by the DfE and the Sheffield City Region LEP. The contractor was able to continue throughout the period with minimal disruption to the supply chain. The building opened in September 2020.

The financial results for 2020/21 are exceptional under the circumstances. Income was in line with the budget. EBITDA of £5.2m is £2.1m above budget. The College delivered over 90% of its Adult Education Budget allocation and has not provided for any funding clawback.

In 2020/21, the College met all of its bank covenants, including the original covenant which had a variation agreed.

College Strategic Priorities 2020/21

As part of the College's normal strategic planning process, the College's Strategic Priorities were reviewed and updated as Strategic Pillars.

Strategic Pillars:

- Quality
- Curriculum
- Sustainability
- Reputation

College Strategic Priorities 2020/21 Update

This section of the Financial Statements summarises the College's progress against its key strategic priorities.

Quality**Outstanding quality of education**

The College has not been inspected again this year under the routine inspection cycle. This is believed to be because performance has remained very strong and presents no risk as far as Ofsted are concerned although the College is expecting a full inspection under the new Education Inspection Framework in 2021/22. The College self-assessed as outstanding for 2020/21.

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Strategic Report (continued)

Formal lesson observations were impacted upon by COVID-19 and as a result the suspension of formal observations. There is a full Teaching and Learning Coaching Team in place to support the improvement of teaching and learning where required and to support further with digital technology and blended learning. The consistency of quality of delivery is checked through regular observations and learning walks and is part of the performance review cycle. There is a new Quality Improvement Review (QIR) process in place for 2021/22 which is intended to ensure that these are more frequent, less risk and more impactful on the quality of provision..

Achievement rates are very high again; in 2020/21, especially for 16-18-year-old students at 87.4% and continue to be well above the last known national average. This suggests that Teaching, Learning and Assessment continues to be outstanding.

Government policy continues to provide the College and the sector with a significant challenge. In 2020/21 the College operated a revised GCSE enrolment policy that meant all students who joined the college without a grade 4 or above in GCSE English and mathematics were enrolled against GSCE support progression with mathematics and English and embeds the importance of this in vocational areas. The College policy also provides all grade 3 learners with the opportunity to re-sit during the autumn term.

Overall 16-18 achievement declined slightly to 87.4% (from 88.9% in 2019/20); adult achievement rates have improved by 2.4% from 86.1% in 2019/20 to 88.5% in 2020/21. Overall achievement rates have declined by 0.6% from 88.3% in 2019/20 to 87.7% in 2020/21. GCSE high grades have improved for mathematics and for English, and are now very high.

Overall, Sixth Form Value Added is outstanding at a Grade 3 for 2020/21. Overall, there was a strong start with high learner satisfaction (95% of learners are satisfied with their course). Every learner has an entitlement to receive impartial advice and guidance for progression through the central careers team if they require this support. All curriculum areas record 'intended destinations' throughout the year and recruitment is looking strong for progressing learners.

Outstanding personal development; Outstanding behaviour and attitudes

Learners across the College continue to benefit from a strong health and wellbeing provision; health and wellbeing activity is provided for college students through over 20 partners, most notably IAPT (cognitive behavioural therapy) and CHILYPEP (children and young peoples' empowerment project) who provide significant upskilling for college staff including mental health first aid training. During 2020/21, a significant amount of wellbeing work has shifted online to ensure that the high-quality provision is maintained. The challenges posed by Covid-19 have been tackled successfully and our students have received outstanding support throughout the pandemic.

Outstanding leadership and management

Leaders and managers continue to set extremely high expectations for students and staff. This ensures that students have higher ambitions for their future. Leaders continue to carefully manage the financial position of the college, this enables investment in high quality facilities, such as the recent multi-million-pound investment in the SciTech building. Leaders ensure that Labour Market Information is used to inform the planning of the curriculum, as a result, the college offer meets the local and regional skills needs. Staff are supported to develop their teaching practice through highly effective professional development.

Governance arrangements are extremely strong. The college operate an assurance-based model of governance. This allows governors to clearly identify the areas of provision and performance where they require further information to reassure them that performance of the college remains strong.

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Strategic Report (continued)

Leaders ensure that the provision of safeguarding arrangements exceed the statutory requirements, including the work that has been done to ensure students are safe from peer-on-peer harassment, sexual assault, and domestic violence.

Enhance HE provision

Higher Education took part in a Quality and Standards Review and received a high degree of confidence across all areas. In addition, the National Student Survey results were excellent, and the College received an 84% satisfaction rate compared to the sector average of 75%. HE continues to deliver high-quality education.

Curriculum**Relevant and forward-looking curriculum**

The College continues to review and refresh its curriculum offer to meet the needs of its key stakeholders. Curriculum intent is very strong. LMI and stakeholder engagement positively influences and shapes a curriculum which richly supports the development of knowledge, skills, attitudes and work-ready behaviours, effectively preparing students for their next steps.

Curriculum design focusses on developing students holistically, providing them with outstanding social and cultural acquisition opportunities.

The implementation of the first wave Education, Construction and Digital T-Levels has been extremely successful with year 1 retention closing above 90%. Excellent learning and planning has taken place to prepare for the introduction of two additional T-Level routes next year.

Clear progression pathways for all students

Curriculum and clear progression pathways are effectively designed and enable progression across and within all curriculum areas. Progression from the Learning for Living and Work and Foundation Learning departments is good and has improved, and the transition process to vocational areas is supportive and effectively facilitated to meet the needs of the students. 2020/21 student exit surveys show learners have a very good understanding of their next steps, but further improvement is needed to achieve the College's 90% progression target set.

There has been effective development of apprenticeship programmes, particularly at a higher level. Higher level apprenticeship provision is offered across Digital, Construction, Health, Business and Education sectors. The College now have live enrolments across 14 higher-level apprenticeship standards, including the newly developed Chartered Management Degree Apprenticeship.

Inclusive and aspirational

Student's digital literacy skills have been enhanced throughout the academic year. The pandemic has driven and forced digital skill learning and development at a greater pace than under 'normal' circumstances. Students have developed digital agility, familiarisation and understanding, and responded excellently to learning and working virtually and with new technologies and platforms.

Across some sectors, the pandemic has hindered student opportunity around work experiences and industry placements. Despite the challenges, excellent links and partnerships have been developed with businesses which have led to alternative forms of students engaging with employers and developing an equally rich and deep understanding of working within industry.

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Strategic Report (continued)

The combined work of Talent United, the cultural & capital acquisition and the curriculum teams has been exceptional. Students, employers and guest speakers have spoken extremely positively about the two-way learning gained from the many industry weeks held across the year. The College is very well placed to restart work and industry experiences/placements once Covid conditions allow.

The aspirational culture developed within the sixth form led to 32% of A-Level students who applied to UCAS accepting a Russell Group university offer.

Sustainability**Attract, retain and develop great staff**

All targets were achieved in this goal. The key focus was on levels of staff satisfaction, staff turnover (overall and in the first 12 months of employment) and training and development for teaching staff.

Staff satisfaction was on target with an average of over 93%. The response rate for the staff surveys was also high which gave confidence that the results were valid. Staff satisfaction increased despite the various restrictions that were put in place to manage the Covid pandemic. There was also a large consultation exercise on staff values and behaviours which supported the engagement of all staff in shaping what it means to work at the college. Staff turnover was below the target of 18% and also below the sector average at 15.9%. Staff turnover in the first twelve months of employment was also within target at 18%. All teaching staff had an individual professional development plan in place which supported them in their roles as frontline practitioners.

Future proof the College's finances

COVID-19 presented a critical risk to the College finances. Despite this, the College delivered its July 2020 Financial Plan. Cash generation (EBITDA) is higher than expected and this has enabled the College to achieve good financial health. Over a number of years, the College has been working on shock proofing the finances; the response and financial achievement during the pandemic is a measure of the success of that work.

The College exceeded its key financial targets for the year.

EBITDA target £3.1m, achieved £5.5m.

Debt service cover target 1.5 times, achieved 2.30.

ESFA Financial Health Grade target Requires Improvement exceeded, achieving Good.

Reduce the College's carbon footprint

The College is committed to achieving net zero in operations by 2045. The College made good progress towards its carbon reduction aims for 2020/21.

In April 2021 College staff and students were invited to take part in a research activity to understand views on climate change and assess the College's appetite for action. The response rate was very good with 96% of staff and 85% of students agreeing the College should act.

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Strategic Report (continued)

During the year the College refreshed its Property Strategy. The strategy prioritises and bring to the forefront the College's intent to help deliver cost-effective decarbonisation and wider environmental efficiencies in the medium to long term.

Energy usage is the main contributor to the College's carbon footprint and therefore one of the priorities for the College to reduce. Whilst energy usage was below target it is difficult to assess how the pandemic affected this. Energy usage reduced throughout lockdown periods however upon resuming operations energy usage was high due to requirements to circulate fresh air.

Furthermore, a large proportion of the College's energy supply was decarbonised through tendering for suppliers.

The College published its Streamlined Energy and Carbon Reporting for 2019/20, showing a 14% reduction in total gross emissions in metric tonnes CO₂e per staff member compared to 2018/19. This is available on the College's website.

The College was successful in securing Salix grant funding for decarbonisation at Wigfield Farm.

In July 2021 all staff undertook an afternoon of training on climate change and the UN Sustainable Development Goals. The sessions focused on raising awareness, practical teaching advice such as the paperless classroom and developing department plans for the following year.

Reputation**Be the provider of choice for our stakeholders**

The College supports the local economy by working with in excess of 1,000 employers. The Business Development team, Talent United and Work Placement team work together to provide solutions for the local business needs and form strong links between the educational purpose of the college and increased productivity in the sub-region. Apprenticeship recruitment remains a high priority.

The extension of the College's Academy structure will be further strengthened with four additional academies expected to be launched in the first quarter of 2021/22 academic year, adding to the three already in place. These represent the depth of relationships the College is now building with employers to become their trusted partner in meeting their skills needs moving forward.

Account Managers within the business development team are working closely with levy employers to maximise apprenticeships starts and provide a more holistic skills and talent recruitment proposition

Raise the college and its subsidiaries' profile

The College continues to develop its brands positively, utilising all instances that can highlight case studies and good news.

Social media following continued to grow across all channels over the last year with most growth seen in Facebook followers. This supports increased communications on this platform during the pandemic and proved a highly successful way to communicate with learners, parents and schools.

The College had a range of positive news stories over the last year and has been approached a number of times to provide the Department for Education with quotes, case studies and video snippets for their social media platforms.

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Strategic Report (continued)

The Executive team have been invited to contribute to and comment upon key Education Policy developments over the year. The Principal was a member of the working party leading to the development of the Skills for Jobs white paper and numerous opinion pieces have been published across multiple media over the year.

Extend and enhance stakeholder engagement and recognition

The College continues to work ever closer with all stakeholders.

The Principal and other Executive members are active across many Sub regional and borough based developments which include the Barnsley Metropolitan Borough Council (BMBC) 2030 plan, Barnsley Hospital Council of Governors, Chamber of Commerce and other local strategic place shaping partnerships.

The College continues to support local events and sponsors where appropriate to extend our reach into the community.

Financial performance indicators

The Board of Governors wishes to ensure that the College remains financially sound, protecting itself from unforeseen adverse changes in revenue streams, generating sufficient income to enable maintenance and improvement of its accommodation and equipment, and servicing its debt costs.

The College has ambitious growth plans and will continually focus on value for money in everything it does. In order to deliver its non-financial objectives, it is critical for the College to have a robust financial platform.

Its high-level financial objectives are:

- To deliver strong sustainable cash flows.
- To grow and diversify the revenue base.
- To generate sufficient surpluses to enable servicing of debt and financial stability.
- To meet lending covenants set out by lenders.

This will be achieved through:

- The continuing prioritisation of Business Planning and Performance Review systems, delivering:
 - Strong financial planning and budgetary control.
 - Transparency in decision-making processes.
 - Accountability and budget ownership.
- Delivering an appropriate staffing resource with high levels of flexibility and skills.
- Revenue targeting and growth, developing a diversified business model and reducing reliance on core funding.
- Development of new facilities, delivering up-to-date and high-quality teaching and learning resources.
- Investment in Information Learning Technology, delivering innovation in curriculum delivery and improving curriculum efficiency.

The College is committed to observing the importance of sector measures and indicators and uses the data available on the www.gov.uk website, which looks at measures such as success rates. The

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Strategic Report (continued)

College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The College is assessed by the Education and Skills Funding Agency as having "Good" financial health grading. The rating is considered an acceptable outcome. The rating for the 2020/21 budget was set at Requires Improvement as a reduced operating position was set and agreed by the College Corporation and banks.

Financial results

Overall, group revenue was £47.5m (2019/20: £41.9m), of this £6.4m is recognised for capital grants. Underlying revenue was £41.1m.

The financial results for 2020/21 are good. The College set a reduced earning before interest, tax, depreciation and amortisation (EBITDA) budget for 2020/21 in recognition of the uncertain circumstances.

The group's operating position before interest and depreciation ("Education Specific EBITDA") was a surplus of £5.2m (2019/20: £5.0m).

The group delivered a surplus before other gains and losses of £2,783k (2019/20: £3,674k deficit) after:

- Depreciation charges of £5,760k (2019/20: £6,017k).
- Bank interest and pension finance costs of £1,272k (2019/20: £1,362k).

The surplus is £6,560k greater than 2019/20, of this difference £6,360k relates to releases of deferred capital grants.

The pension costs to the group of £3.4m (2019/20 £4.9m) related to the Local Government Pension Scheme (LGPS), Teachers' Pension Scheme (TPS) and other pension schemes during the year.

The group generated operating cash flows of £7.9m (2019/20 £3.9m) from operations which have been reinvested in capital assets.

The ESFA Financial Health Grade for the year of Good (2019/20: Outstanding) is an improved position on the budget that was set in July 2020.

During the year cash balances increased by £3,507k.

The pension deficit has reduced from £26,136k to £24,177k, largely as a result of an impressive return on scheme assets.

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.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and liquidity

At £7.9m (2019/20 £3.9m), net cash flow from operating activities was strong.

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Strategic Report (continued)

During the year, the College reduced its borrowing by £2.3m.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year, this margin was comfortably exceeded. Banking covenants were all met for 2020/21.

Developments

Tangible fixed asset additions during the year amounted to £5.9m. This was split between building work of £4.7m and equipment and fixtures of £1.2m. The main addition in the year was the Sci-Tech T level project. The building opened to the students in September 2020.

Sources of income

The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21, the FE funding bodies provided 88% (2019/20 81%) of the group's total income.

Reserves

The group has accumulated reserves of £54,504k and cash and short-term investment balances of £10,496k. The group wishes to maintain reserves and cash balances in order to be sustainable and safeguard for the future.

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 an agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The current target set by the Treasury for Government departments for payment to suppliers of valid invoices within 30 days is 100%. During the accounting period 1 August 2020 to 31 July 2021, the College paid 92% (2019/20: 94%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future prospects

There are a number of future opportunities the College is seeking to maximise. Demographics in the area indicate an increased cohort of 16-18 year olds over the coming years. The significantly improved results from the Sixth Form College provide an opportunity for growth in A levels. The College is seeking to develop its offer across a range of curriculum areas at higher levels through Higher Education and Higher apprenticeships.

The College has been chosen as one of 44 to early adopt the T-Levels in 2020/21 and also one of only 37 to deliver the Transition Programme designed to prepare learners for T Level study. The College is investing in these and looking to expand the number of learners on these courses in future years. It is also looking to expand its apprenticeship activities although the proposed move of more non-levy income to levy may impact this.

The opening of the Digital Innovation Hub (previously Sci-Tech) and recent news of additional funds to create makers space and incubation pods on the site offer the College endless opportunities to further engage with the digital business community as well as boost digital literacy in the area.

The Government's response to COVID-19 to re-build the economy also presents a number of opportunities for further involvement, these include the Governments Kickstart scheme which provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment, growth in traineeships to cover adults and expected programmes to support the rapid return to work of those effected by the downturn.

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Strategic Report (continued)**Strategic priorities for 2021/22**

The strategic priorities provide a roadmap for the College on the journey to achieving the College's vision of transforming lives. The priorities represent the areas where resources and time will be focused to ensure that student, staff and stakeholders get the best out of Barnsley College.

1. Quality

Delivering a beyond outstanding experience for both students and staff and being Ofsted inspection ready is the key focus.

Key themes underpin the College's ambition to reach outstanding and beyond, each area driving teaching and learning. These are quality of education; personal development, behaviour and attitudes; leadership and management and Higher Education.

The College aims to deliver the highest quality provision for students, staff and stakeholders to help them aspire to reach their full potential.

2. Curriculum

The successful delivery, beginning in September 2020, of the three T Level routes in Education, Construction and Digital is a key development for the College and will provide an opportunity to shape the future of education for the FE Sector. The development of a Digital Innovation Hub linking most specifically to the Digital T Level curriculum will provide a significant resource for the whole College population and will allow the College to prepare learners for the jobs of tomorrow following the 4th Industrial revolution.

3. Sustainability

The College must be safeguarded for the future, making sure it generates enough cash each year to continue to provide an outstanding experience for students and staff during their time with the College.

The ultimate aim is to future proof the financial position. This involves investing in buildings, facilities, equipment and the IT infrastructure. To generate cash the College needs to increase in size and ensure it operates efficiently. The College is committed to reducing its carbon footprint and is developing a long-term plan to achieve this.

4. Reputation

The College is proud of Barnsley and the communities it works with. It aims to continue to build strong links with students, staff, schools and businesses, reinforcing the College's place in the local community as an outstanding education provider and anchor institution. The College's students go on to do amazing things after leaving the College, whether that is through work or further study, and alumni prove the College is achieving the vision of transforming lives.

As the College strives for beyond outstanding, its brand and reputation, as well as the quality and financial position, underpins the ability to recruit students and engage with external audiences.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Strategic Report (continued)**Principal risks and uncertainties**

The College has developed further the system of internal control, including financial, operational and risk management that is designed to protect the College's assets and reputation.

Based on the strategic pillars and goals, the Senior Leadership Team undertakes a comprehensive review of the risks to which the College is exposed and acknowledges these in the Board Assurance Framework (BAF). The Board Assurance Framework 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 and covers assurance gained. Systems and procedures are identified which mitigate potential impact on the College and the subsequent year's annual risk management report will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks that may arise as a result of a new area of work being undertaken by the College.

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

Protecting tertiary status

Barnsley College operates in a tertiary system whereby all level three provision in the local area takes place in the college. The only exception to this is a comprehensive school situated within the borough but not local to the college. The risk of other providers offering level three courses is managed through two strategies; quality and relationships. By offering high quality courses with outstanding outcomes there will be less chance of local schools opening sixth forms and thereby increasing competition for students. We maintain excellent relationships locally to keep school head teachers informed of our performance and participate in key local fora to foster good relations.

Compliance with the rules of regulatory, funding and legal bodies

Non-compliance with regulatory, funding and legal bodies evidences an inability to act in accordance with rules or requests, and exposes the College community to substantial risk by avoidance or evasion of required procedures and/or processes. The scope for impact in terms of income, reputation and students could be significant if not managed sufficiently. The college places reliance on a variety of systems which aid compliance with requirements across a range of provision, and has expertise within the MIS function to monitor, guide and train curriculum areas on actions that will ensure that rules and procedures are followed.

IT disaster recovery and response

The threat to the operations of the college related to a failure of IT systems is significant, with the education sector being subject to a series of attacks in recent times. Disaster Recovery (DR) planning outlines IT technologies and practices to prevent or minimise business disruption and/or data loss resulting from a variety of events, including cyberattacks, system or equipment failures, power outages and natural disasters. The college's risk management system includes use of cloud based systems, regular backing up of systems, a key relationship with JISC for internet based activities, and measures to ensure that users safeguard the system through passwords and multi-factor authentication. Suitable and sufficient insurance is in place and the disaster recovery procedures are tested periodically.

Servicing of debt and financial stability

Inability to generate sufficient surpluses to enable the servicing of debt will potentially impact on the college's financial health grade, compliance with the bank covenants, ability to cover interest payments and an ability to invest in buildings and equipment. An established and embedded system of business planning and performance review is key to the mitigation of this risk, as well as a prudent method of managing finance which decreases the likelihood of the college missing its key

Barnsley College**Financial Statements**For the year ended 31 July 2021

Strategic Report (continued)

financial targets. Safeguards include sound financial forecasting, overdraft facilities being in place and regular reporting on financial performance. Major capital projects are well managed. Relationships with key stakeholders such as the banks and ESFA are also well managed with regular meetings.

Quality

A failure to deliver "Outstanding" for Overall Effectiveness in an OFSTED inspection could result in a loss of reputation, have a high impact on student outcomes and lead to subsequent financial loss. The college makes critical strategic decisions on how education is organised in the college, how resources are allocated and ensures that the necessary monitoring systems are in place to give assurance that the key areas of the Education Inspection Framework are being met. Established Teaching and Learning and Quality systems are in place to support continuous development and tackle under-performance, and governors are regularly appraised of performance under the assurance based model of governance. An ever-ready plan is in place to assist with an on-going preparedness which will minimise the requirement for urgent action when an inspection is imminent.

Student recruitment

Successful recruitment of students in 16-19, HE and apprenticeships is essential to ensure that college mitigates financial and reputational damage, as well as being able to invest in the curriculum and support an outstanding student experience. Rigorous planning is in place to ensure realistic future recruitment targets are set through the business planning process, taking into account external demographic profiles and internal progression targets. Critical marketing activities and events which directly involve future students and parents take place, as well as targeted information, advice and guidance to maximise future student achievement. Support for students is well established from transport to college through to on course help and personal tutorial support.

Apprenticeship income

Income from apprenticeships is a critical area for the future growth and sustainability of the college. The College plans prudently for apprenticeship income. The impact of a reduction in income is manageable within the College's financial model. A delay in receipt of income as a consequence of the new funding system for non-levy employers has been modelled and is within the College's available cash headroom. The risk is mitigated by a focus on growth through business development and quality of provision, and a new apprenticeships department, which has been set up in-year, will play a critical role in ensuring that doing apprenticeships at the college will be attractive.

COVID-19

The pandemic is having a reduced impact on the College but still remains a risk. The development of guidelines at a national level continues to guide the College in its response to COVID-19, with all education now being delivered face to face. There is little action that the College needs to take beyond that which we have put in place at the present time. Regular meetings continue to take place involving the College's COBRA group which manages responses to developments on a timely basis. The College risk assessment is regularly reviewed and updated. As cases have been notified, all required contact and information sharing with local and national bodies has taken place, and relevant information shared with College staff. The level of risk to income levels is not significant.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Strategic Report (continued)**Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS 102. The College forecasts accommodate a rise in pension costs for LGPS and future rises in the Teachers' Pension contributions.

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and the Office for Students (previously HEFCE). In 2019/20, 81% of the College's revenue was ultimately publicly funded and this level is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Going concern statement

After making appropriate enquiries and considering forecasts on the college and its subsidiaries, the Corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future. The going concern assessment considered the college financial operating forecasts to July 2023 and cash flow forecasts. It also tested the mitigations in place against a critical scenario that leads to a breach in bank covenants. The extent that the critical scenario impacts upon the financial targets, cash flow and bank covenants is manageable and the Corporation is confident it has appropriate mitigations in place to reduce the likelihood. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College will set an EBITDA budget of £4m for 2022/23. The College expects revenue streams to fully recover from the financial impacts of the pandemic. The business-planning model is well established and delivers a budget that is prudent, achievable and risk-managed. There is a high level of competency in financial management across the College. Historically the College has outperformed its budget.

Cash flow forecast projections indicate the College has sufficient cash until at least July 2023. The lowest cash balances are in March 2022 and March 2023 as is normal in the sector. The March 2022 balance is forecast at £7.2m and March 2023 at £7.8m.

College forecasts indicate that all bank covenants will be met until at least July 2023. The College has sufficient headroom in its bank covenants to withstand a level of financial disruption. The testing identified a critical scenario leading to a breach in bank covenants. The College's internal control processes include existing mitigations against the impact and likelihood of the scenario. However, the College can also call on other measures where needed, including restricting expenditure and placing staff recruitment on hold to reduce in-year costs and to protect College cash reserves. At November 2021, the College has unfilled vacancies amounting to £1.3m.

There is also flexibility in the College capital investment plan. The cash flow forecast assumes the total capital expenditure of £5.7m from December 2021 to July 2023. Of this £2.1m is committed to grant-funded projects and other non-cancellable commitments leaving £3.6m left that can be withdrawn if required.

In these instances, the College would minimise the extent of the breach and enter into early dialogue with the bank.

The College will continue to monitor and respond to the risks of operating with COVID-19. The College has continued to operate as close to business as usual and does not believe that COVID-19 will have an impact on the College remaining a going concern.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Strategic Report (continued)

The College financial forecasts are prepared on a prudent basis. The operating forecasts and the cash flow forecasts until July 2023 provide assurance the College has adequate resources until at least that date. The reverse stress testing of bank covenants provide additional evidence to support that conclusion. The College has robust business continuity plans, risk management and financial management processes and so is well placed to respond to future uncertainty in a timely manner. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has considered the financial position of its subsidiaries and concludes that Independent Training Services Limited and Smartstyle Technology Training Limited are reliant on the College for financial support. The College has assessed whether it has the resources to provide this support and has concluded it does. The College has confirmed its continued financial support for both entities until at least July 2023.

The Corporation is confident it has appropriate mitigations in place to reduce the likelihood and impact of the critical scenario tested.

Equality and diversity

Barnsley College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively differences in race, gender, sexual orientation, disability, ability, class and age. The College strives vigorously to remove conditions, which place people at a disadvantage and will actively combat bigotry. The College has a no-tolerance policy towards bullying, harassment and victimisation and actively tackles the behaviours, which transgress this policy.

The College's Single Equality Scheme and action plan are published on the College's internet site and are monitored regularly by the Senior Management Team and the Board of Governors.

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

Disability statement

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

- a) The College's Student Services and Additional Learning Support (ALS) departments provide information, advice and arrange support where necessary for students with disabilities.
- b) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available from the ALS department.
- c) The Admissions Policy for all students is described in the College Information, Advice and Guidance (IAG) Policy. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
- d) The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of Student Support staff 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.

Barnsley College**Financial Statements**

For the year ended 31 July 2021

Strategic Report (continued)

- e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- f) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Behaviour Support Policy leaflets at induction.

Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish certain information on trade union officials and facility time.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to disciplinary or grievance hearing. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.

The regulations require the following information to be published on the employer's website:

- Table 1: The number of employees who were relevant union officials during the relevant period, and the number of full time equivalent employees
- Table 2: The percentage of time spent on facility time for each relevant union official
- Table 3: The percentage of pay bill spent on facility time
- Table 4: The number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours.

This report covers the period 1 April 2020 to 31 March 2021

Table 1: Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1.5

Table 2: The percentage of time spent on facility time for each relevant union official.

Number of our employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of Time	Number of employees
0%	0
1-50%	2
51%-99%	0
100%	0

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Strategic Report (continued)

Table 3: The percentage of pay bill spent on facility time

Percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total number of hours of paid facility time	92
Total cost of facility time	£1,305.64
Total pay bill	£27.3m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.004%

Table 4: The number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours.

Hours spent by employees who were relevant union officials during the relevant period on paid trade union activities as a percentage of total paid facility time hours.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by:

Simon Perryman

Simon Perryman
Chair of Governors

15/12/2021

Barnsley College

Financial Statements

For the year ended 31 July 2021

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 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).
- 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/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. 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 2015. Further, the updated Code published in May 2019 was formally adopted.

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

Barnsley College

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For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)**The Corporation**

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

Name	Date of Appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
N Bowen	16.07.13 Reappointed 15.07.17 Extended to 31.12.21 in March 2021	4 years	n/a	Vice Chair	G&S R	100%
C Charlesworth	24.03.20	4 years	n/a	Staff		100%
G Day	15.12.20	4 years	n/a			86%
A Denniff	15.12.20	2 ½ years	n/a			100%
K Dickinson	13.12.16 Reappointed 19.05.20	4 years	n/a	Chair of ITS, Think & BCDC	A (10.04.20 only)	100%
B Jacobs	19.05.20	When ceases to be a student	n/a	Student		90%
H Jaggar	18.07.17	4 years	n/a	Vice Chair	G&S R	100%
S Jandu	15.12.20	3 years			A	100%

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Statement of Corporate Governance and Internal Control (continued)

Name	Date of Appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
T Johnson	19.05.20	3 years	n/a		A	90%
M Lang	19.05.20	4 years	n/a		A	100%
C Moss	13.12.16 Reappointed 06.10.20 for 12 months	4 years	n/a			80%
S Perryman	09.09.15 Reappointed 05.02.19	4 years	n/a	Chair of Board & Governance & Search	G&S R	100%
D Shepherd	21.10.14 Reappointed 18.12.18	4 years	n/a		A	80%
B Sigsworth	19.05.20	When ceases to be a student	13.07.21			100%
S Taylor	12.12.17	4 years	n/a	Chair of Audit (from 01.01.20)	A	70%
H Weatherston	16.06.20	4 years	n/a	Staff		100%
Y Koursis	30.04.19	When ceases to be Principal		Principal/CEO and member	G&S	100%

Key to Committees: G&S – Governance and Search
A – Audit
R – Remuneration.

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Statement of Corporate Governance and Internal Control (continued)

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Under the powers provided by the Further Education Corporation Modification Order 2012, the Corporation revised and approved its Instrument and Articles of Government with effect from 1 August 2013. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

The Corporation meets seven times a year on a formal basis and three times to address single issues through creative sessions. It also reviews areas of performance through a programme of deep dives.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which are reviewed annually and are approved by the Corporation. These committees are Governance and *Search (G & S)*, *Audit* and *Remuneration*. Full minutes of all meetings, except those deemed confidential by the Corporation, are available from the Director of Governance to the Board at:

Barnsley College
PO Box 266
Barnsley
570 2YW

The Director of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also 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.

COVID-19

The Corporation has continued to conduct all of its business in accordance with the planned schedule of meetings. All meetings have taken place using online platforms such as MS Teams and Virtual Boardroom. This includes formal agendas, papers and reports being supplied in a timely manner. The Corporation has received COVID-19 related updates at each of its meetings. There have also been additional regular meetings with the Accounting Officer, the Chair, Vice chairs and the Director of Governance throughout.

Remuneration Committee

Throughout the year ending 31 July 2021, the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and conditions of service of the Accounting Officer and other senior post holders.

The governing body has adopted AoC's Senior Staff Remuneration Code in March 2019 and assesses pay in line with its principles.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)

The remuneration committee is concerned with all aspects of the employment of senior post holders, including recruitment, promotion, retention, setting and reviewing performance targets. The committee is also responsible for reviewing and making decisions on the remuneration, terms and conditions of employment of senior post holders, taking account of affordability, comparative information on the remuneration, benefits and conditions of employment from within the further education sector and other organisations of a comparable size/turnover.

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

The College's Pay Policy applies to all staff including senior post holders. In conjunction with the Appraisal policy, it is designed to motivate staff to achieve the College's strategic objectives. Both the Appraisal Policy and the Pay Policy were reviewed in December 2018. The College has adopted the AoC Code of Good Governance amendment covering College's Senior Post Holder Remuneration.

Decisions on the salaries of senior post holders are informed by market data including

- Salary benchmark data for same-level staff in comparable Colleges (derived from the AoC Survey of Remuneration of Management staff and Senior Post holders to include Colleges in Yorkshire & Humberside and with similar turnover).
- Economic conditions and competitive forces within the local community.
- Pay awards given to wider College staff.
- Affordability, as determined by the College's financial performance.
- Whole College performance against strategic objectives and key performance indicators approved by the Board.
- Individual performance against objectives set as part of the annual appraisal process.
- Benefits in kind.
- Pension entitlements.

The College Appraisal Policy sets out the framework under which appraisals for all staff are carried out twice a year and explains the alignment of individual objectives with the College's strategic priorities, purpose and values. In respect of senior post holders, the performance objectives are agreed by the remuneration committee and reports on their performance are provided to the committee to inform their decision-making in respect of the consideration of salary progression.

The Principal and Chief Executive reports to the Chair of Governing Body, who undertakes an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Details of remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance and Search Committee, consisting of three members of the Corporation, which is responsible for the selection, and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Barnsley College**Financial Statements**

For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)**Corporation performance**

The Board evaluated its performance at the end of the year through individual 1:1s with the Chair, a Board and Committee Effectiveness survey, Skills Audit and reviewed the effectiveness of the Chair's performance. The results of the surveys were discussed at Governance and Search and shared with the Board.

The College introduced an Assurance Based Governance Model in 2020. The model identifies and records the key sources of assurance that inform management and the board on the effectiveness of the key controls and processes that are relied upon to manage risk and achieve the College's objectives. The model was reviewed as part of the internal audit process in 2020.

Governor Training and Development

Barnsley College is committed to providing a range of training and development opportunities for their Governors and Governance Professionals. All new governors have completed a comprehensive induction process and ongoing training and support are available through in-house and externally organised events.

The following activities were undertaken in the period ending July 2021.

Training & Development Activity	Governors Involved
College, AoC and Unloc Induction programmes	New Independent, Staff and Student Governors
AoC Chairs & Principals Development Network	Chair and Principal
AoC Annual Conference	Chair, Vice Chairs
Statutory Training	All Governors
Statutory Link Governor Meetings	Statutory Link Governors
Curriculum Link Governor Meetings	Curriculum Link Governors
ETF Apprenticeship Delivery	Curriculum Link Governor
Strategic Seminar	All Governors
College Governor Training (Equality & Diversity, Risk, FE White Paper, Student Voice)	All Governors
Deep Dives	All Governors
Governance Professional Training & Development (various)	Governance Professional

Audit Committee

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

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

The College's internal auditors monitor 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,

Barnsley College**Financial Statements**For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)

and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Governance & Search Committee

The Governance & Search Committee comprises of three members of the Corporation and meets twice a year. The committee advises the Board on the constitution of the Board and its recruitment and selection procedures. It also considers the skills required of members, terms of office and succession planning. The Committee is responsible for making recommendations to the Board on its Conduct of Business and any other governance policies.

Internal control*Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum/Financial Agreement between Barnsley College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barnsley College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that have been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. The Corporation regularly reviews this process.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body.
- Regular reviews by the governing body of periodic and annual financial reports, which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)

Barnsley College has an internal audit service, which operates in accordance with the requirements of the ESFA Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the internal audit provider provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the corporation

The corporation reviews the Board Assurance Framework (BAF) at board meetings on a quarterly basis, with additional monitoring at the Audit Committee. The BAF 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 and covers assurance gained. Furthermore, all corporation reports are assessed against risk criteria.

An assessment of the principal risks facing the College is summarised.

Protecting tertiary status

Barnsley College operates in a tertiary system whereby all level three provision in the local area takes place in the college. The only exception to this is a comprehensive school situated within the borough but not local to the college. The risk of other providers offering level three courses is managed through two strategies; quality and relationships. By offering high quality courses with outstanding outcomes there will be less chance of local schools opening sixth forms and thereby increasing competition for students. We maintain excellent relationships locally to keep school head teachers informed of our performance and participate in key local fora to foster good relations.

Compliance with the rules of regulatory, funding and legal bodies

Non-compliance with regulatory, funding and legal bodies evidences an inability to act in accordance with rules or requests, and exposes the College community to substantial risk by avoidance or evasion of required procedures and/or processes. The scope for impact in terms of income, reputation and students could be significant if not managed sufficiently. The college places reliance on a variety of systems which aid compliance with requirements across a range of provision, and has expertise within the MIS function to monitor, guide and train curriculum areas on actions that will ensure that rules and procedures are followed.

IT disaster recovery and response

The threat to the operations of the college related to a failure of IT systems is significant, with the education sector being subject to a series of attacks in recent times. Disaster Recovery (DR) planning outlines IT technologies and practices to prevent or minimise business disruption and/or data loss resulting from a variety of events, including cyberattacks, system or equipment failures, power outages and natural disasters. The college's risk management system includes use of cloud based systems, regular backing up of systems, a key relationship with JISC for internet based activities, and measures to ensure that users safeguard the system through passwords and multi-factor authentication. Suitable and sufficient insurance is in place and the disaster recovery procedures are tested periodically.

Servicing of debt and financial stability

Inability to generate sufficient surpluses to enable the servicing of debt will potentially impact on the college's financial health grade, compliance with the bank covenants, ability to cover interest payments and an ability to invest in buildings and equipment. An established and embedded system of business planning and performance review is key to the mitigation of this risk, as well as a prudent method of managing finance which decreases the likelihood of the college missing its key financial targets. Safeguards include sound financial forecasting, overdraft facilities being in place and regular reporting on financial performance. Major capital projects are well managed. Relationships with key stakeholders such as the banks and ESFA are also well managed with regular meetings.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)**Quality**

A failure to deliver "Outstanding" for Overall Effectiveness in an OFSTED inspection could result in a loss of reputation, have a high impact on student outcomes and lead to subsequent financial loss. The college makes critical strategic decisions on how education is organised in the college, how resources are allocated and ensures that the necessary monitoring systems are in place to give assurance that the key areas of the Education Inspection Framework are being met. Established Teaching and Learning and Quality systems are in place to support continuous development and tackle under-performance, and governors are regularly appraised of performance under the assurance based model of governance. An ever-ready plan is in place to assist with an on-going preparedness which will minimise the requirement for urgent action when an inspection is imminent.

Student recruitment

Successful recruitment of students in 16-19, HE and apprenticeships is essential to ensure that college mitigates financial and reputational damage, as well as being able to invest in the curriculum and support an outstanding student experience. Rigorous planning is in place to ensure realistic future recruitment targets are set through the business planning process, taking into account external demographic profiles and internal progression targets. Critical marketing activities and events which directly involve future students and parents take place, as well as targeted information, advice and guidance to maximise future student achievement. Support for students is well established from transport to college through to on course help and personal tutorial support.

Apprenticeship income

Income from apprenticeships is a critical area for the future growth and sustainability of the college. The College plans prudently for apprenticeship income. The impact of a reduction in income is manageable within the College's financial model. A delay in receipt of income as a consequence of the new funding system for non-levy employers has been modelled and is within the College's available cash headroom. The risk is mitigated by a focus on growth through business development and quality of provision, and a new apprenticeships department, which has been set up in-year, will play a critical role in ensuring that doing apprenticeships at the college will be attractive.

COVID-19

The pandemic is having a reduced impact on the College but still remains a risk. The development of guidelines at a national level continues to guide the College in its response to COVID-19, with all education now being delivered face to face. There is little action that the College needs to take beyond that which we have put in place at the present time. Regular meetings continue to take place involving the College's COBRA group which manages responses to developments on a timely basis. The College risk assessment is regularly reviewed and updated. As cases have been notified, all required contact and information sharing with local and national bodies has taken place, and relevant information shared with College staff. The level of risk to income levels is not significant.

Control weaknesses identified

The College retains an internal audit service to audit its systems of internal control. The 2020/21 internal audit plan was developed with clear links to the College's Board Assurance Framework. The College senior managers agreed all the recommendations made by the Internal Audit Service to improve controls and the follow-up audit confirmed that the College has made good progress in implementing the actions agreed. During the year an external ESFA audit was concluded stating 'satisfactory opinion on the use of funds'. Internal controls in relation to funding have been strengthened and additional resources were recruited to enable internal audits to be carried out monthly. There have not been any significant internal control weaknesses identified during 2020/21 and up to the date of signing.

Responsibilities under the funding agreement

The Corporation keeps under review compliance with ESFA and other devolved authority grant funding agreements and contracts ensuring that funding is used for the purposes given or generated. The Corporation also receives reports on specific conditions of grants such as capital grants for Sci-Tech. The Corporation ensures that the College makes key returns to the ESFA accurately and on time, including the Financial Statement and Finance Record in February and the Financial Plan in July 2021. The programme of internal audit tests includes a risk-based approach to testing compliance with funding agreements.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)**Statement from the audit committee**

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation does have effective controls in place. The specific areas of work undertaken by the audit committee in 2020/21 and up to the date of approval of the financial statements are:

- A student experience review for 16-19 learners. This concluded the College had well designed controls in place, with one low priority recommendation.
- A review of the student protection plan which confirmed that the College had a robust framework of controls in place to ensure compliance with the student protection plan and identified no recommendations.
- A risk management review which identified that the College had a good overall risk management framework in place with well designed controls in place. The audit provided substantial assurance and identified one low priority recommendation.
- A review of the business planning process, which was undertaken to provide assurance that business planning arrangements are sufficient to support the delivery of the College's priorities, aims and objectives. The review identified no recommendations and provided substantial assurance.
- A compliance review of learner records (FE) which identified 16 management actions
- An advisory review of the newly implemented governance based assurance model.
- A review of key financial controls: General Ledger which identified 4 low risk actions
- The financial statements and regularity audit scope and objectives were agreed by the committee. The committee also received the self-assessment questionnaires. The committee were satisfied with the statements and evidence provided to support the preparation and completion of the financial statements.
- A review of the 2020/21 fraud register and the fraud-related policies.

The internal audit process was delayed initially at the start of the COVID-19 lockdown. The College worked closely with the auditors to ensure that, when safe to do so, the internal audit process could restart and all internal audits for the period were completed by October 2021.

Review of effectiveness

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

- The work of the internal auditors.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the College's financial statements auditors in their management letters and other reports.

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports

Barnsley College
Financial Statements
For the year ended 31 July 2021

Statement of Corporate Governance and Internal Control (continued)

thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its Board meeting on 14 December 2021, the

Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Senior Leadership Team and internal audit and taking account of events since 31 July 2021.

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 assurance 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 Corporate body and the safeguarding their assets” and has met its contractual responsibilities under its funding agreements and contracts with its funding bodies including the ESFA.

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by

Simon Perryman

Simon Perryman
Chair of Governors

15/12/2021



Yiannis Koursis
Accounting Officer

15/12/2021

Barnsley College
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For the year ended 31 July 2021

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

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

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

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



Yiannis Koursis
Accounting Officer
15/12/2021



Simon Perryman
Chair of Governors
15/12/2021

Barnsley College

Financial Statements

For the year ended 31 July 2021

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 with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice -Accounting for Further and Higher Education*, ESFA's *College Accounts Direction* and the UK's *Generally Accepted Accounting Practice*, and which gives a true and fair view of the state of affairs of the Corporation and its surplus/deficit of income over the expenditure for the 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*, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the corporation, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further & 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 the assets of the College 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

Barnsley College

Financial Statements

For the year ended 31 July 2021

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

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 14 December 2021 and signed on its behalf by:

Simon Perryman

Simon Perryman

Chair

15/12/2021

Independent auditor's report to the Corporation of Barnsley College

Opinion

We have audited the financial statements of Barnsley College (the 'parent corporation') and its subsidiaries (the 'group') for the year ended 31 July 2021, which comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheets, Consolidated 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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent corporation's affairs as at 31 July 2021 and of the group's surplus of income over expenditure and of the parent corporation's surplus of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education as issued in October 2018 and any subsequent amendments.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Corporation's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent corporation to cease to continue as a going concern.

In our evaluation of the Corporation's conclusions, we considered the inherent risks associated with the group's and the parent corporation's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Corporation and the related disclosures and analysed how those risks might affect the group's and the parent corporation's financial resources or ability to continue operations over the going concern period.

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 group's and the parent corporation'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.

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

The responsibilities of the Corporation with respect to going concern are described in the 'Responsibilities of the Members of the Corporation for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent corporation for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, the Education & Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS accounts direction (issued October 2019) 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 2020 to 2021 issued by the Education & Skills Funding Agency requires us to report to you if, in our opinion:

- the parent corporation has not kept adequate accounting records; or
- the group and parent corporation's annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

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

Responsibilities of the Members of the Corporation for the financial statements

As explained more fully in the statement of responsibilities of the Members of the Corporation set out on page 34, the Members of the Corporation are 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 Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members of the Corporation are responsible for assessing the group's and parent corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members of the Corporation either intends to liquidate the group or parent corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent corporation, and the sector in which it operates. We determined that the following laws and regulations were most significant;
 - financial reporting legislation (FEHE SORP 2019, United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Colleges accounts direction 2020 to 2021 and the OfS Accounts Direction (October 2019));
 - regulatory environment (including the ESFA funding rules 2020 to 2021 and the OfS; framework and relevant OfS regulatory notices)
 - Further and Higher Education Act 1992; and
 - The Code of Good Governance for English Colleges.

The engagement team remained alert to any indications of fraud and non-compliance with laws and regulations throughout the audit;

- We understood how the group and parent corporation is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit Committee, and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
 - The group and parent corporation's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and

- The group and parent corporation's control environment including the adequacy of procedures for authorisation of transactions
- We assessed the susceptibility of the group and parent corporation's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing related party transactions; and
 - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the group and parent corporation operates in, its understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the Members of the Corporation, as a body, in accordance with the terms of our engagement letter dated 11 October 2021. Our audit work has been undertaken so that we might state to the Members of the Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation and the Members of the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

16/12/2021

Reporting accountant's assurance report on regularity

To the corporation of Barnsley College and Secretary of State for Education acting through Education and Skills Funding Agency ('ESFA')

In accordance with the terms of our engagement letter dated 11 October 2021 and further to the requirements and conditions of funding in 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 that, in all material respects, the expenditure disbursed and income received by Barnsley College during the period 1 August 2020 to 31 July 2021 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. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which the ESFA or devolved authority has other assurance arrangements in place.

Respective responsibilities of Barnsley College and the reporting accountant

The corporation of Barnsley College is responsible, under the requirements of the Further and 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 which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 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 ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion includes:

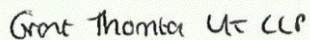
- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the Regularity self-assessment questionnaire (RSAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the RSAQ.

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 2020 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

This report is made solely to the corporation of Barnsley 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 Barnsley College and the ESFA those matters we are required to state in a limited assurance 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 Barnsley College, as a body, and the ESFA, as a body, for our work, for this report, or for the conclusion we have formed.



Grant Thornton UK LLP
Chartered Accountants
Leeds
16/12/2021

Barnsley College
Financial Statements
For the year ended 31 July 2021

Consolidated and College Statement of Comprehensive Income

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	41,799	41,050	35,260	34,121
Tuition fees and education contracts	4	4,961	4,646	5,383	5,157
Other grants and contracts	5	31	-	7	-
Other income	6	701	366	1,225	1,022
Investment income	7	-	-	25	23
Total income		47,492	46,062	41,900	40,323
Expenditure					
Staff costs	8	27,430	26,677	26,671	25,688
Other operating expenses	9	10,247	9,630	11,524	11,278
Depreciation and impairment	12	5,760	5,739	6,017	5,989
Interest and other finance costs	10	1,272	1,262	1,362	1,348
Total expenditure		44,709	43,308	45,574	44,303
Surplus/(deficit) before other gains and losses		2,783	2,754	(3,674)	(3,980)
(Loss)/profit on disposal of assets		-	-	(103)	-
Surplus/(deficit) before tax		2,783	2,754	(3,777)	(3,980)
Taxation	11	(4)	(3)	-	-
Surplus/(deficit) for the year		2,779	2,751	(3,777)	(3,980)
Actuarial gain / (loss) in respect of pensions schemes	24	4,231	3,976	(6,384)	(6,410)
Total Comprehensive Income for the year		7,010	6,727	(10,161)	(10,390)

Barnsley College
Financial Statements
For the year ended 31 July 2021

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Restricted Reserve	Total
Consolidated	£'000	£'000	£'000
Balance at 1 August 2019	57,702	21	57,723
Deficit from the income and expenditure account	(3,777)	-	(3,777)
Other comprehensive income	(6,384)	-	(6,384)
Acquired on acquisition of ITS	(68)	-	(68)
Transfer between restricted and income and expenditure reserves	21	(21)	-
Total comprehensive income for the year	(10,208)	-	(10,229)
Balance at 31 July 2020	47,494	-	47,494
Surplus from the income and expenditure account	2,779	-	2,779
Other comprehensive income	4,231	-	4,231
Total comprehensive income for the year	7,010	-	7,010
Balance at 31 July 2021	54,504	-	54,504
College			
Balance at 1 August 2019	58,232	-	58,232
Deficit from the income and expenditure account	(3,980)	-	(3,980)
Other comprehensive income	(6,410)	-	(6,410)
Total comprehensive income for the year	(10,390)	-	(10,390)
Balance at 31 July 2020	47,842	-	47,842
Surplus from the income and expenditure account	2,751	-	2,751
Other comprehensive income	3,976	-	3,976
Total comprehensive income for the year	6,727	-	6,727
Balance at 31 July 2021	54,569	-	54,569

Barnsley College
Financial Statements
For the year ended 31 July 2021

Consolidated and College Balance Sheets as at 31 July

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Non current assets					
Tangible Fixed assets	12	92,211	92,252	92,028	92,048
		92,211	92,252	92,028	92,048
Debtors – amounts falling due over one year	14	54	54	54	54
Current assets					
Stocks		68	68	120	120
Trade and other receivables	14	2,739	2,419	4,144	3,957
Cash and cash equivalents	19	10,496	9,450	6,989	5,765
		13,303	11,937	11,253	9,842
Less: Creditors – amounts falling due within one year	15	(8,484)	(8,351)	(9,740)	(9,539)
Net current assets		4,819	3,586	1,513	303
Total assets less current liabilities		97,084	95,892	93,595	92,405
Creditors – amounts falling due after more than one year	16	(15,278)	(15,278)	(16,726)	(16,726)
Provisions					
Defined benefit obligations	18	(24,177)	(23,855)	(26,136)	(25,571)
Other provisions	18	(3,125)	(2,190)	(3,239)	(2,266)
Total net assets		54,504	54,569	47,494	47,842
Unrestricted Reserves					
Income and expenditure account		54,504	54,569	47,494	47,842
Restricted reserve	26	-	-	-	-
Total reserves		54,504	54,569	47,494	47,842

The financial statements on pages 42-72 were approved and authorised for issue by the Corporation on 14 December 2021 and were signed on its behalf

Simon Perryman

Simon Perryman

Chair

15/12/2021



Yiannis Koursis

Accounting Officer

15/12/2021

Barnsley College
Financial Statements
For the year ended 31 July 2021

Consolidated Statement of Cash Flows

	Notes	2021	2020
		£'000	£'000
Cash flow from operating activities			
Surplus/(deficit) for the year		2,783	(3,777)
Adjustment for non-cash items			
Depreciation		5,760	6,017
Release of deferred capital grants		(6,360)	-
Increase in stocks		52	(3)
Decrease in debtors		(329)	(453)
Decrease) in creditors due within one year		3,073	235
Decrease in provisions		(145)	(845)
Pensions costs less contributions payable		1,782	1,328
Adjustment for investing or financing activities			
Investment income		-	(25)
Interest payable		1,272	1,362
Loss on sale of fixed assets		-	103
Net cash flow from operating activities		<u>7,888</u>	<u>3,942</u>
Cash flows from investing activities			
Investment income		-	25
Payments made to acquire fixed assets		(2,104)	(2,657)
		<u>(2,104)</u>	<u>(2,632)</u>
Cash flows from financing activities			
Interest paid		(843)	(936)
Interest element of finance lease rental payments		(22)	(38)
Repayments of amounts borrowed		(1,183)	(1,572)
Capital element of finance lease rental payments		(229)	(247)
		<u>(2,277)</u>	<u>(2,793)</u>
increase/(Decrease) in cash and cash equivalents in the year		<u>3,507</u>	<u>(1,483)</u>
Cash and cash equivalents at beginning of the year	19	6,989	8,472
Cash and cash equivalents at end of the year	19	10,496	6,989

Barnsley College**Financial Statements**For the year ended 31 July 2021

Notes to the Financial Statements**Statement of accounting policies and estimation techniques**

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The financial statements are presented in Sterling (£), which is the functional currency.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, as modified by the use of previous valuations as deemed cost for certain non-current assets at the transition to FRS 102 date.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Independent Training Services Limited, Smartstyle Technology Training Limited, Barnsley College Development Company Limited and Think Barnsley Limited, controlled by the Group. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2021. In accordance with FRS102, the activities of the student union have not been consolidated, as the College does not control them.

Going concern

After making appropriate enquiries and considering forecasts on the college and its subsidiaries, the Corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future. The going concern assessment considered the college financial operating forecasts to July 2023 and cash flow forecasts. It also tested the mitigations in place against a critical scenario that leads to a breach in bank covenants. The extent that the critical scenario impacts upon the financial targets, cash flow and bank covenants is manageable and the Corporation is confident it has appropriate mitigations in place to reduce the likelihood. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College will set an EBITDA budget of £4m for 2022/23. The College expects revenue streams to fully recover from the financial impacts of the pandemic. The business-planning model is well established and delivers a budget that is prudent, achievable and risk-managed. There is a high level of competency in financial management across the College. Historically the College has outperformed its budget.

Cash flow forecast projections indicate the College has sufficient cash until at least July 2023. The lowest cash balances are in March 2022 and March 2023 as is normal in the sector. The March 2022 balance is forecast at £7.2m and March 2023 at £7.8m.

College forecasts indicate that all bank covenants will be met until at least July 2023. The College has sufficient headroom in its bank covenants to withstand a level of financial disruption. The testing identified a critical scenario leading to a breach in bank covenants. The College's internal control processes include existing mitigations against the impact and likelihood of the scenario. However, the College can also call on other measures where needed, including restricting expenditure and placing staff recruitment on hold to reduce in-year costs and to protect College cash reserves. At November 2021, the College has unfilled vacancies amounting to £1.3m.

There is also flexibility in the College capital investment plan. The cash flow forecast assumes the total capital expenditure of £5.7m from December 2021 to July 2023. Of this £2.1m is committed to

Barnsley College
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For the year ended 31 July 2021

Notes to the Financial Statements (continued)

grant-funded projects and other non-cancellable commitments leaving £3.6m left that can be withdrawn if required.

In these instances, the College would minimise the extent of the breach and enter into early dialogue with the bank.

The College will continue to monitor and respond to the risks of operating with COVID-19. The College has continued to operate as close to business as usual and does not believe that COVID-19 will have an impact on the College remaining a going concern.

The College financial forecasts are prepared on a prudent basis. The operating forecasts and the cash flow forecasts until July 2023 provide assurance the College has adequate resources until at least that date. The reverse stress testing of bank covenants provide additional evidence to support that conclusion. The College has robust business continuity plans, risk management and financial management processes and so is well placed to respond to future uncertainty in a timely manner. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has considered the financial position of its subsidiaries and concludes that Independent Training Services Limited and Smartstyle Technology Training Limited are reliant on the College for financial support. The College has assessed whether it has the resources to provide this support and has concluded it does. The College has confirmed its continued financial support for both entities until at least July 2023.

The Corporation is confident it has appropriate mitigations in place to reduce the likelihood and impact of the critical scenario tested.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year-end reconciliation process with the funding body following the year-end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

All support grant allocations and subsequent expenditure has been included in the Statement of Comprehensive Income.

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

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital

Barnsley College**Financial Statements**For the year ended 31 July 2021

Notes to the Financial Statements (continued)

grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met

Fee income

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

Investment income

All income from short-term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

South Yorkshire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Short-term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Barnsley College
Financial Statements
For the year ended 31 July 2021

Notes to the Financial Statements (continued)

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

Land and buildings

Land and buildings acquired since incorporation are included in the balance sheet at cost or deemed cost on transition. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of between 10, 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account when the performance conditions specified within the capital grant are met.

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.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2021. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item (£150 in respect of electrical equipment) is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight-line basis over its remaining useful economic life to the College of between one and ten years. All other capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Motor vehicles and general equipment 3 years
- Computer equipment 3 years
- Furniture and Fittings 5 to 20 years

Software costing more than £40,000 is capitalised at cost and depreciated on a straight line basis over its useful economic life between three and seven years.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of the fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income. Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets, depreciated, and assessed for impairment losses in the same way as owned assets.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Notes to the Financial Statements (continued)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments**Investments in subsidiaries**

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

Inventories

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

Financial liabilities and equity

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover circa 2% of the VAT charged on its inputs. All 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, with any partial recovery netted off against these figures.

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

Provisions and contingent liabilities

Provisions are recognised when

- The College has a present legal or constructive obligation as a result of a past event.
- It is probable that a transfer of economic benefit will be required to settle the obligation.
- 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.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Notes to the Financial Statements (continued)**Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Key accounting judgements and estimates**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

Leases

Determine whether leases entered into by the College as either a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis. There is one finance lease within the financial statements with an outstanding value of £298k.

Impairment

Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty**Tangible fixed assets**

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

Cost of remedial works

The cost of remedial works required to the Old Mill Lane building are included in the accounts of Barnsley College Development Company Limited and hence the Group. The cost of the work required is uncertain however a provision has been made based on the directors' best estimate of the costs expected to be incurred, which includes assessments made by third party experts.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Barnsley College
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Notes to the Financial Statements (continued)

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	3,091	2,876	3,180	2,958
Education and Skills Funding Agency – 16-18	26,910	26,910	25,485	23,785
Education and Skills Funding Agency – 14-16	353	353	360	360
Education and Skills Funding Agency - apprenticeships	3,926	3,531	5,166	4,335
Office for students	273	273	361	361
Specific grants				
Education and Skills Funding Agency – provider relief scheme	139	-	31	-
Teacher Pension Scheme contribution grant	747	747	677	677
Release of capital grants	6,360	6,360	-	-
Total	41,799	41,050	35,260	34,121

Under the provider release scheme, the corporation received funding of £139k from the ESFA. This amount was fully spent in the year.

3 Grant and fee income	Year ended 31 July		Year ended 31 July	
	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Grant and fee income				
Grant and fee income from the Office for Students	273	273	361	361
Fee income for taught awards (exclusive of VAT)	1,845	1,845	2,367	2,367
Fee income for non-qualifying courses	500	500	364	364
Total	2,618	2,618	3,092	3,092

Barnsley College
Financial Statements
For the year ended 31 July 2021

Notes to the Financial Statements (continued)

4 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	169	169	283	283
Apprenticeship fees and contracts	42	34	65	41
Fees for FE loan supported courses	526	500	425	364
Fees for HE loan supported courses	1,845	1,845	2,367	2,367
Total tuition fees	2,582	2,548	3,140	3,055
Education contracts	2,379	2,098	2,243	2,102
Total	4,961	4,646	5,383	5,157

5 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Coronavirus Job Retention Scheme grant	31	-	7	-
Total	31	-	7	-

6 Other income

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	143	143	608	608
Other income generating activities	114	71	393	154
Farming activities	10	10	35	35
Gift aid from subsidiary	-	113	-	-
Miscellaneous income	434	29	275	225
Total	701	366	1,225	1,022

7 Investment income

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	-	-	25	23
Total	-	-	25	23

Barnsley College
Financial Statements
For the year ended 31 July 2021

Notes to the Financial Statements (continued)

8 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2021	2021	2020	2020
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	380	366	397	377
Non-teaching staff	495	484	543	533
	875	850	940	910

Staff costs for the above persons

	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Wages and salaries	20,193	19,525	20,108	19,199
Social security costs	1,700	1,645	1,659	1,598
Other pension costs	5,537	5,507	4,904	4,891
Total staff costs	27,430	26,677	26,671	25,688

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. They encompass the Senior Leadership Team, who through their weekly meetings direct the strategic direction of the College. The key management personnel are listed on page 3.

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

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

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	11	10

Barnsley College
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Notes to the Financial Statements (continued)

The 2021 key management personnel count staff leaving and joining the organisation. The number of key management personnel posts is eight.

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

	Key management personnel		Other staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£10,001 to £15,000 p.a.	-	1	-	-
£15,001 to £20,000 p.a.	1	-	-	-
£20,001 to £25,000 p.a.	1	-	-	-
£25,001 to £30,000 p.a.	1	-	-	-
£40,001 to £45,000 p.a.	1	-	-	-
£45,001 to £50,000 p.a.	1	-	-	-
£60,001 to £65,000 p.a.	-	1	-	-
£65,001 to £70,000 p.a.	-	1	-	-
£70,001 to £75,000 p.a.	-	1	-	-
£75,001 to £80,000 p.a.	-	2	-	-
£80,001 to £85,000 p.a.	2	1	-	-
£90,001 to £95,000 p.a.	1	1	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£100,001 to £105,000 p.a.	1	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£145,001 to £150,000 p.a.	-	1	-	-
£160,001 to £165,000 p.a.	1	-	-	-
	11	10	-	-

The number of staff with a full time equivalent salary over £100k is included in the table below.

Basic pay only	Number of staff	
	2021	2020
	No.	No.
£145,001 to £150,000 p.a.	-	1
£155,001 to £160,000 p.a.	1	-
£160,001 to £165,000 p.a.	-	1
£165,001 to £170,000 p.a.	-	1
	1	3

Barnsley College
Financial Statements
For the year ended 31 July 2021

Notes to the Financial Statements (continued)

The number of staff with a full time equivalent salary over £100k is included in the table below. The bandings do not include employer's national insurance costs.

Total emoluments	Number of staff	
	2021	2020
	No.	No.
£160,001 to £165,000 p.a.	1	-
£165,001 to £170,000 p.a.	-	1
£175,001 to £180,000 p.a.	-	1
£180,001 to £185,000 p.a.	-	1
	<u>1</u>	<u>3</u>

During 2019/20 two of these staff were employed on interim contracts.

The salary is determined at the July year-end. This does not include staff who joined or left during the year.

Key management personnel emoluments are made up as follows:

	2021	2020
	£'000	£'000
Salaries – gross of salary sacrifice and waived emoluments	779	828
Employers National Insurance	98	102
	<u>877</u>	<u>930</u>
Pension contributions	137	107
Total emoluments	<u>1,014</u>	<u>1,037</u>

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer.

Their pay and remuneration is as follow:

	2021	2020
	£'000	£'000
Salaries – gross of salary sacrifice and waived emoluments	165	150
Employers National Insurance	21	19
	<u>186</u>	<u>169</u>
Pension contributions	39	35
Total emoluments	<u>225</u>	<u>204</u>

Barnsley College
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For the year ended 31 July 2021

Notes to the Financial Statements (continued)

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

	2021	2020
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	6.8	6.4

Principal and CEO's total remuneration as a multiple of the median of all staff	8.6	7.9
---	-----	-----

The above excludes agency costs.

Compensation for loss of office paid to former key management personnel

	2021	2020
	£'000	£'000
Compensation paid to the former post-holders	-	-

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

9 Other operating expenses

	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,290	2,879	3,995	3,641
Non-teaching costs	4,941	4,819	5,876	5,929
Premises costs	2,016	1,932	1,653	1,708
Total	10,247	9,630	11,524	11,278

Other operating expenses include:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Internal audit	27	26
Financial statements audit*	66	60
Other services provided by the financial statements auditor -		
taxation compliance	8	6
taxation advisory	-	14
other assurance services	2	2
Hire of assets under operating leases	149	134

All fees are exclusive of VAT

* includes £42,800 in respect of the College (2019/20 £48,200)

Barnsley College

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Notes to the Financial Statements (continued)**10 Interest and other finance costs**

Group	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans	843	936
On finance leases	22	38
Net interest on defined pension liability (note 24)	407	388
Total	1,272	1,362

College	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans	842	934
On finance leases	22	38
Net interest on defined pension liability (note 24)	398	376
Total	1,262	1,348

11 Taxation

Group	2021	2020
	£'000	£'000
Prior period tax charge	4	-
United Kingdom corporation tax at 19 per cent	-	-
Total	4	-

College	2021	2020
	£'000	£'000
Prior period tax charge	3	-
United Kingdom corporation tax at 19 per cent	-	-
Total	3	-

Barnsley College
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For the year ended 31 July 2021

Notes to the Financial Statements (continued)

12 Fixed Assets

Group	Freehold Land and buildings £'000	Assets under construction £'000	Equipment £'000	Furniture and fittings £'000	Total £'000
Cost or valuation					
At 1 August 2020	102,137	3,974	8,812	12,203	127,126
Additions	68	4,667	905	303	5,943
Transfers	5,691	(8,144)	969	1,484	-
Disposals	(24)	-	(1,210)	(48)	(1,282)
At 31 July 2021	107,872	497	9,476	13,942	131,787
Depreciation					
At 1 August 2020	20,858	-	6,887	7,353	35,098
Charge for the year	2,825	-	1,659	1,276	5,760
Elimination in respect of disposals	(24)	-	(1,210)	(48)	(1,282)
At 31 July 2021	23,659	-	7,336	8,581	39,576
Net book value at 31 July 2021	84,213	497	2,140	5,361	92,211
Net book value at 31 July 2020	84,860	3,974	2,285	4,883	92,028

College	Freehold Land and buildings £'000	Assets under construction £'000	Equipment £'000	Furniture and fittings £'000	Total £'000
Cost or valuation					
At 1 August 2020	102,191	3,974	8,541	11,919	126,625
Additions	68	4,667	905	303	5,943
Transfers	5,691	(8,144)	969	1,484	-
Disposals	(24)	-	(1,210)	(48)	(1,282)
At 31 July 2021	107,926	497	9,205	13,658	131,286
Depreciation					
At 1 August 2020	20,857	-	6,631	7,089	34,577
Charge for the year	2,825	-	1,650	1,264	5,739
Elimination in respect of disposals	(24)	-	(1,210)	(48)	(1,282)
At 31 July 2021	23,658	-	7,071	8,305	39,034
Net book value at 31 July 2021	84,268	497	2,134	5,353	92,252
Net book value at 31 July 2020	84,915	3,974	2,270	4,863	92,048

Barnsley College
Financial Statements
For the year ended 31 July 2021

Notes to the Financial Statements (continued)

At 1 August 2014, two buildings were revalued as part of the FRS 102 transition. The buildings included within fixed assets were revalued at £9.2m. Building valuations were carried out by a RICS surveyor and are based on depreciated replacement cost.

If inherited land and buildings had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	7,276
Aggregate depreciation based on cost	1,350
Net book value based on cost	<u>5,926</u>

Land and buildings includes land valued at £1.8m that is not depreciated.

The net book value of equipment includes an amount of £123k (2019/20 – £197k) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £74k (2019/20 – £162k).

13 Non-current investments

	College 2021 £	College 2020 £
Investments in subsidiary companies	101	101
Total	<u>101</u>	<u>101</u>

The College owns 100 per cent of the issued ordinary £1 shares of Barnsley College Development Company Limited, a company incorporated in England and Wales. The principal business of Barnsley College Development Company Limited is property development.

The College appoints the Directors of Think Barnsley, a limited company by guarantee and incorporated in England and Wales, and is therefore considered to exercise control. The principal business of the company is to provide employment opportunities for apprentices.

The College owns the charity Independent Training Services Limited (ITS) and ITS owns 100 per cent of the issued ordinary shares of Smartstyle Technology Training Limited. The principal business of Independent Training Services Limited and Smartstyle Technology Training Limited is educational training.

Barnsley College
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For the year ended 31 July 2021

Notes to the Financial Statements (continued)

14 Trade and other receivables

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Amounts falling due over one year:				
Amounts due from Sheffield City Region LEP	54	54	54	54
Total	54	54	54	54
Amounts falling due within one year:				
Trade receivables	1,094	969	407	365
Prepayments and accrued income	641	586	736	885
Other debtors	501	501	2,400	2,235
Amounts due from subsidiaries	-	12	-	20
Amounts owed by the ESFA	503	351	601	452
Total	2,739	2,419	4,144	3,957

15 Creditors: amounts falling due within one year

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,213	1,213	1,183	1,183
Obligations under finance leases	235	235	229	221
Trade payables	863	798	722	629
Other taxation and social security	478	459	402	402
Accruals and deferred income	4,389	4,340	2,392	2,292
Deferred income – government capital grants	513	513	4,768	4,768
Amounts owed to the ESFA	793	793	44	44
Total	8,484	8,351	9,740	9,539

16 Creditors: amounts falling due after one year

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Bank loans	15,154	15,154	16,367	16,367
Obligations under finance leases	63	63	298	298
Deferred income – government capital grants	61	61	61	61
Total	15,278	15,278	16,726	16,726

Barnsley College
Financial Statements
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Notes to the Financial Statements (continued)

17 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
In one year or less	1,213	1,213	1,183	1,183
Between one and two years	1,183	1,183	1,213	1,213
Between two and five years	3,737	3,737	3,839	3,839
In five years or more	10,234	10,234	11,315	11,315
Total	16,367	16,367	17,550	17,550

The College has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2021 was £5,116k. The full amount of the loan was £9,000k of which £8,474k attracted interest at a fixed rate of 6.27% per annum and the balance of £576k attracted interest at a floating rate of 1.8% above the bank's base rate. The £9,000k loan is repayable by instalments ending June 2028 and is secured by fixed charges on certain freehold buildings. Following the approval of new debt to finance a new Sixth Form College Barclays Bank increased their margin to 1.8% until July 2016 1.9% until July 2018 and 2.0% thereafter.

The four Santander loans are all unsecured, of which three are fixed and one is a variable rate loan. One fixed rate loan was for an initial amount of £3,128k. At the year-end, there was £2,448k outstanding on this loan at 4.46% until 2029. A further loan of £7,335k was acquired which converted to a fixed and variable loan. At the year-end, the balances of the loans were £2,870k on a further fixed term loan at a fixed interest rate of 4.81% until 2029 and £2,878k on a variable loan of at 1.80% above LIBOR until 2029. A loan with Santander for £4,440k is fixed at 4.82%. The balance of this loan at 31 July 2021 was £3,582k. The repayments on all these loans are quarterly until 2029. The College has transferred all its variable rate loans to Base Rate with effect from 1 January 2022.

All the loans are subject to covenants, all of which have been met for the financial year ended 31 July 2021.

During 2020/21 ITS settled its finance lease with Lombard.

(b) Finance leases

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

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
In one year or less	235	235	229	221
Between two and five years	63	63	298	298
Total	298	298	527	519

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

Financial instruments are all basic under the definitions in FRS102.

Barnsley College
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Notes to the Financial Statements (continued)

18 Provision for liabilities and charges

	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	26,136	2,267	974	29,377
Expenditure in the period	(2,407)	(106)	(39)	(2,552)
Additions in period	448	29	-	477
At 31 July 2021	24,177	2,190	935	27,302

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 24.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.60%	2.20%
Discount rate	1.60%	1.30%

Other provisions relate to provisions held by Barnsley College Development Company Limited. It represents an estimate of the cost to the company in fulfilling its obligations under its design and build contract with the College. The extent of future works is to be determined and in the current climate, it is expected the works will not be undertaken within the next year.

19 Cash and cash equivalents

	At 1 August 2020	Cash flows	Other changes	At 31 July 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6,989	3,507	-	10,496
Total	6,989	3,507	-	10,496

Barnsley College
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Notes to the Financial Statements (continued)

20 Analysis of net debt

	At 1 August 2020	Cash flows	Other changes	At 31 July 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6,989	3,507	-	10,496
Bank loans due within one year	(1,183)	1,183	(1,213)	(1,213)
Bank loans due greater than one year	(16,367)	-	1,213	(15,154)
Finance lease obligations	(527)	229	-	(298)
Total	(11,088)	4,919	-	(6,169)

21 Capital and other commitments

	Group and College	
	2021	2020
	£'000	£'000
Commitments contracted for at 31 July	1,105	-

22 Lease obligations

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

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Future minimum lease payments due				
Land and buildings				
Not later than one year	112	79	117	81
Later than one year and not later than five years	81	73	158	118
Later than five years	1,077	1,077	1,090	1,090
	<u>1,270</u>	<u>1,229</u>	<u>1,365</u>	<u>1,289</u>
Other				
Not later than one year	2	1	2	1
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
Total lease payments due	<u>1,272</u>	<u>1,230</u>	<u>1,367</u>	<u>1,291</u>

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Notes to the Financial Statements (continued)

23 Financial assets and liabilities

	2021	2020
	£ '000	£ '000
Financial assets measured at amortised cost	13,213	10,580
Financial liabilities measured at amortised cost	21,723	21,010

Financial assets and liabilities reflect contractual obligations to and from the College that will be settled in cash.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals where the liability will be settled in cash.

24 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Yorkshire Pension Fund (SYPF). Both are multi-employer defined-benefit plans.

Total pension cost for the year	2021	2020
	£000	£000
Teachers' Pension Scheme: contributions paid	2,051	1,631
Local Government Pension Scheme:		
Contributions paid	1,734	1,434
FRS 102 (28) charge	1,779	1,328
Charge to the Statement of Comprehensive Income	3,513	2,762
Enhanced pension charge to Statement of Comprehensive Income	(76)	491
Total Pension Cost for Year within staff costs	3,437	4,884

Contributions amounting to £397k (2019/20 £343k) were payable to the schemes at 31 July and are included within creditors.

Teachers' Pension Scheme

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

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

Under the definition set out in FRS102 (28.11) the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Barnsley College**Financial Statements**For the year ended 31 July 2021

Notes to the Financial Statements (continued)

Accordingly, the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined contributions plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year.

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

The pension costs paid to TPS in the year amounted to £2,051,000 (2019/20: £1,631,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by SYPF.

Unless disclosed separately the information in this note covers the college group.

The total contributions made for the year ended 31 July 2020 were £1,434,000, of which employer's contributions totalled £1,090,000 and employees' contributions totalled £344,000. The agreed contribution rates for future years are 14.8% for employers and range from 5.5% to 12.9% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021 by a qualified independent actuary.

College	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	2.6%	2.3%
Future pensions increases	2.6%	2.3%
Discount rate for scheme liabilities	1.6%	1.6%
Inflation assumption (CPI)	2.6%	2.3%
ITS		
Rate of increase in salaries	2.6%	2.3%
Future pensions increases	2.6%	2.3%
Discount rate for scheme liabilities	1.6%	1.5%
Inflation assumption (CPI)	2.6%	2.3%

Barnsley College
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Notes to the Financial Statements (continued)

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

	Group	College	Group	College
	At 31 July	At 31 July	At 31 July	At 31 July
	2021	2021	2020	2020
	years	years	years	years
<i>Retiring today</i>				
Males	21.3	21.3	21.2	21.2
Females	24.3	24.3	24.2	24.2
<i>Retiring in 20 years</i>				
Males	21.8	21.8	21.8	21.8
Females	25.3	25.3	25.3	25.3

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

	Group	College	Group	College
	Fair Value at	Fair Value at	Fair Value at	Fair Value at
	31 July 2021	31 July 2021	31 July 2020	31 July 2020
	£'000	£'000	£'000	£'000
Equity instruments	29,576	28,531	24,312	23,430
Debt instruments	13,310	12,839	12,893	12,425
Property	5,423	5,231	4,420	4,260
Cash	1,109	1,070	2,157	2,079
Other	12,200	11,769	8,841	8,520
Total fair value of plan assets	61,618	59,440	52,623	50,714
Weighted average expected long term rate of return as 31 July	13.9%		1.1%	
Actual return on plan assets	8,563		560	

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

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Fair value of plan assets	61,618	83,295	52,623	50,714
Present value of plan liabilities	85,795	59,440	78,759	76,285
Net pensions liability	(24,177)	(23,855)	(26,136)	(25,571)

Barnsley College

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Notes to the Financial Statements (continued)

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

	Group 2021	2021 College	2020 Group	2020 College
	£'000	£'000	£'000	£'000
Amounts included in staff costs				
Current service cost	3,152	3,128	2,617	2,591
Past Service cost	-	-	103	103
Administration expenses	41	41	40	40
Total	3,193	3,169	2,760	2,734

Amounts included in investment income

Net interest cost	407	398	388	376
Total	407	398	388	376

Amount recognised in Other Comprehensive Income

Return on pension plan assets	-	-	-	-
Changes in assumptions underlying the present value of plan liabilities	4,148	3,893	(6,015)	(6,041)
Amount recognised in Other Comprehensive Income	4,148	3,893	(6,015)	(6,041)

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

	Group 2021	College 2021	Group 2020	College 2020
	£'000	£'000	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(26,136)	(25,571)	(18,406)	(17,829)
Movement in year:				
Current service cost	(3,152)	(3,128)	(2,617)	(2,591)
Past service cost	-	-	(104)	(103)
Administration expenses	(41)	(41)	(40)	(40)
Employer contributions	1,411	1,390	1,434	1,409
Net interest on the defined (liability)	(407)	(398)	(388)	(376)
Actuarial gain or loss	4,148	3,893	(6,015)	(6,041)
Net defined benefit (liability) at 31 July	(24,177)	(23,855)	(26,136)	(25,571)

Barnsley College

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Notes to the Financial Statements (continued)**Asset and Liability Reconciliation**

Changes in the present value of defined benefit obligations	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Defined benefit obligations at start of period	78,759	76,285	78,759	69,542
Current service cost	3,152	3,128	3,152	2,591
Interest cost	1,251	1,214	1,251	1,520
Contributions by Scheme participants	512	506	512	491
Past service cost	-	-	-	-
Experience gain	(1,588)	(1,536)	(1,588)	(4,736)
Changes in financial assumptions	5,159	5,084	5,159	8,214
Estimated benefits paid	(1,450)	(1,386)	(1,450)	(1,337)
Defined benefit obligations at end of period	85,795	83,925	85,795	76,285
 Fair value of plan assets at start of period	 52,623	 50,714	 52,623	 51,713
Interest on plan assets	844	816	844	1,144
Return on plan assets	7,719	7,441	7,719	(2,666)
Employer contributions	1,411	1,390	1,411	1,409
Contributions by Scheme participants	512	506	512	491
Estimated benefits paid	(1,450)	(1,386)	(1,450)	(1,337)
Administration expenses	(41)	(41)	(41)	(40)
Fair value of plan assets at end of period	61,618	59,440	61,618	50,714

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Notes to the Financial Statements (continued)

Sensitivity analysis

Disclosure item	Central	+0.1% p.a. discount rate	+0.1% p.a. inflation	+0.1% p.a. pay growth	1 year increase in life expectancy	+1% change in 2020/21 investment returns	-1% change in 2020/21 investment returns
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities	85,795	84,060	87,565	85,908	88,535	85,795	85,795
Assets	(61,618)	(61,618)	(61,618)	(61,618)	(61,618)	(62,237)	(60,999)
Deficit/(Surplus)	24,140	22,442	25,947	24,290	26,917	23,558	24,796
Projected Service Cost for next year	3,446	3,344	3,552	3,446	3,566	3,446	3,446
Projected Net interest Cost for next year	376	370	404	377	419	366	385

Guaranteed Minimum Pension

Defined benefit pension schemes will be affected by the ultimate resolution of the equalisation of benefits for men and women in relation to Guaranteed Minimum Pension provisions. The 2018 Lloyds Bank court judgement provided clarity in this area. However, in response to the judgement, HM Treasury implied that the judgement would not impact the benefits for public sector schemes, as such the actuary has not made any direct allowance for additional liabilities relating to equalisation at this stage. A further High Court ruling in 2020 extended GMP equalisation costs to historic transfers, potentially creating a further liability for pension schemes. It is unclear whether this ruling is relevant to LGPS and the actuary considers there is a low likelihood of a material impact for employers so has not made any allowance for this. Management have considered whether any additional liability is appropriate and concluded that no additional liability is appropriate on the basis that it is not expected to be material.

Transitional Protection Arrangements (McCloud)

Following the loss of a court case (the McCloud judgement) which found that transitional protections put in place when two public sector pension schemes were reformed were age discriminatory, the government committed in July 2019 to seeking a remedy across all public sector schemes. The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. The College's pension liabilities in respect of the South Yorkshire Pension Fund have increased due to this. The fund actuary has included an allowance that is substantially in line with the judgement and the effect of any minor proposed changes will have an estimated liability of nil.

Widower Benefits (Goodwin)

Following a recent Employment Tribunal ruling that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation, the government announced in July 2020 that it believed changes would be required to all public sector schemes with similar arrangements. For the College, this will increase the liability in respect of the South Yorkshire Pension Fund, but no allowance has been made in the accounting figures as it is expected that the impact on the liabilities will be immaterial and there is currently insufficient data available to estimate a cost.

Barnsley College
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Notes to the Financial Statements (continued)

25 Related party transactions

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

Summary of transactions with organisations connected to members of the Board of Governors

Related Party	Related party at the College	Transactions during the year	Income Related	Expenditure Related	Debtor Balance at 31 July 2021	Creditor Balance at 31 July 2021	Nature of Goods or Services purchased by the College	Nature of Goods or Services purchased by the other party
Barnsley & Rotherham Chamber of Commerce	Governor	£7,944	£0	£7,944	£0	£348	Annual Subscription fee and advertising	n/a
Barnsley MBC	Governor	£1,686,139	£1,380,322	£305,817	£404,146	£189,463	Rent, rates and support worker recharges	High Needs Element 3
iTrust Barnsley CIC	Principal	£3,340	£0	£3,340	£0	£0	Payment to support student business start up	n/a
Masonite UK	Governor	£2,500	£1,000	£1,500	£0	£0	Employer incentive payments	Employer apprenticeship contributions
NOCN	Governor	£58,522	£0	£58,522	£0	£3,747	Exam Costs	n/a
Sheffield Hallam University	Governor	£79,710	£0	£79,710	£0	£0	Franchise fee and external verification	n/a
Wellspring Academy Trust	Principal	£1,420	£420	£1,000	£0	£0	Employer incentive payments	Employer apprenticeship contributions

iTrust Barnsley Ltd is a joint venture between Barnsley College and The Barnsley Chronicle.

The total expenses paid to or on behalf of the governors during the year was nil; two governors (2019/20: £1,335; three governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending governor meetings and charity events in their official capacity.

No governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2019/20: None).

26 Restricted reserve

	2021 £'000	2020 £'000
Arising on consolidation of subsidiary	-	-

Barnsley College

Financial Statements

For the year ended 31 July 2021

Notes to the Financial Statements (continued)**27 Amounts disbursed as agent - Learner support funds (Group)**

	2021	2020
	£'000	£'000
16-18 bursary grants	1,207	1,040
Other Funding body grants	154	125
	<u>1,361</u>	<u>1,165</u>
Disbursed to students	(819)	(1,121)
Administration costs	35	-
	<u>507</u>	<u>44</u>
Balance unspent as at 31 July, included in creditors		




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