

# FINANCIAL REPORT

For the year ending 31 July 2020



FEB220FRC

**BARNSLEY COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2020**

**Barnsley College**  
Financial Statements  
For the year ended 31 July 2020

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

**Key Management Personnel**

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

Principal and CEO; Accounting Officer	Yiannis Koursis	
Deputy Principal	Ben Owen	Appointed 06/09/2019
Vice Principal Curriculum	Liz Leek	
Vice Principal Corporate Services	Tony Johnson	
Vice Principal Finance	Laila Lawton	
Vice Principal Funding, Data & Compliance	Vince Dalton	Resigned 31/08/2019
Interim Vice Principal Funding, Data & Compliance	Suki Rai	Until 30/06/2020
Vice Principal Funding & Performance	Ian French	Appointed 01/06/2020
Vice Principal Quality & Student Experience	Toni Rhodes	Appointed 07/10/2019
Vice Principal Technical & Professional Education	David Akeroyd	Appointed 19/08/2019

**Board of Governor**

A full list of Governors is given on pages 22-23 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  
 5<sup>th</sup> 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 2020.

**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 2019/20**

The College's 2019/20 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. ITS and Smartstyle were both acquired by the College on 28 February 2019.

**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 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 £47.5m (2018/19: £57.7m) of net assets including £26.1m (2018/19: £18.4m) pension liability and long-term debt of £16.1m (2018/19: £18.3m).

**People**

The group employs 940 people, of whom 397 are teaching staff.

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**Strategic Report (continued)**

**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
- 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 22 and 23.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

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

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**Strategic Report (continued)****Development and Performance****COVID-19 impact on 2019/20 operational and financial performance**

Throughout the entire period since March 2020, the College has acted in accordance with national guidance regarding the closure of College sites to the majority of staff and students, and a move to undertake educational activities remotely. There has been very limited access to the College for staff, mainly linked to the on-site provision of education to vulnerable students and children of critical workers, with the exception of Wigfield Farm and Church Street, for animal husbandry and IT services respectively.

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.

Catering and Estates facilities have had to adapt to new conditions and levels of demand. In IT far more resource has been necessary for the distribution of digital devices and we have seen a significant increase in the need for trouble shooting and problem solving. We have purchased a significant amount of PPE and COVID-19 protection measures such as screens, sanitiser and boundary tape.

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. Teaching has been turned on its head- students have been supplied with devices where appropriate, including dongles with additional Wi-Fi and data tariffs and the College has seen an increase in both staff and student engagement online, albeit with an increased requirement for scrutiny and safeguarding.

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. Some staff have blossomed under the ability to diversify their teaching practice whilst others have struggled with new requirements for online safety and technological advances.

Safeguarding continues to be of the highest priority and High Needs and High-Risk students continue to be contacted with increased frequency. Although still the same in terms of the syllabic requirements, the need to explore new 'virtual' venues has never been greater nor made so complicated.

The College commenced the planning and development of its Mass Testing facility, which will be located in the Eastgate building. We will be piloting this facility in from 18th January to ensure the safety and wellbeing of physically present students and the staff who are supporting them.

Financially, the onset of the pandemic and the first national lockdown in March created an unclear position for some income streams, most notably apprenticeships and commercial income. The worst-case scenarios for the College indicated a potential breach in one of the bank covenants. Furthermore, cash availability was critical and the College put several measures in place to reduce operating expenditure and limit capital investment. The College also started discussions with its banks in relation to the potential covenant breach.

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 2019/20 are exceptional under the circumstances. Income is below the pre-COVID-19 forecast by £700k; an improvement of £1,300k on the College's first COVID-19 forecast. Earning before interest, tax, depreciation and amortisation (EBITDA) of £Sm is £1.6m above the first COVID-19 forecast. The College Heads of Department strong financial management skills and introducing cost restrictions at the onset of the pandemic was critical to this.

In 2019/20, the College met all of its bank covenants.

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### **Strategic Report (continued)**

#### **College Strategic Priorities 2019/20**

As part of the College's normal strategic planning process, the College's Strategic Priorities were reviewed and updated as Strategic Pillars. The College added curriculum as a fourth pillar for 2019/20 at the strategic seminar held in January 2019.

#### **Strategic Pillars:**

- Quality
- Curriculum
- Sustainability
- Reputation

#### **College Strategic Priorities 2019/20 Update**

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

#### **Quality**

##### **Maintain Ofsted Outstanding status**

The College has not been inspected again this year under the routine inspection cycle although it has participated in a pilot Inspection previously in December 2018 and remains an outstanding provider. 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. The College self-assessed as outstanding for 2019/20.

##### **Enhance the quality of 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 88% satisfaction rate compared to the sector average of 83%. HE continues to deliver high-quality education.

##### **Boost user/stakeholder satisfaction**

Student satisfaction remains high across all three internal surveys with learners stating an overall excellent satisfaction rate. In 2019/20, there was no external employer survey so an internally produced survey demonstrated that employers are also highly satisfied with the provision and support provided by the College.

##### **Maintain Outstanding Teaching, Learning and Assessment**

The percentage of good or better and outstanding lessons remains high at 89% a decline from 95% in 2018/19 although impacted upon by COVID-19 and as a result the suspension of formal observations. However, a full Coaching Team is 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.

Achievement rates are very high again; in 2019/20, especially for 16-18 year olds at 88.8% compared to 87.1% in 2018/19 and continue to be well above the national average by 5.4% suggesting that Teaching, Learning and Assessment remains outstanding.

Government policy continues to provide the College and the sector with a significant challenge. The College enrolls all students with a prior achievement of grade 3 to a GCSE resit to 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.

##### **Expand the Use of E-Learning technologies**

The College developed a strategy and delivery plan for embedding learning technologies that are monitored throughout the year; all areas are on track to ensure learners receive a high-quality learning experience.



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**Strategic Report (continued)****Improve Student Outcomes overall by 1.9%**

The College has improved the overall 16-18 achievement rates by 1.7% from 87.1% in 2018/19 to 88.8% in 2019/20; adult achievement rates have improved by 2.3% from 83.7% in 2018/19 to 86% in 2019/20 improving the overall achievement rate from 86.2% in 2018/19 to 88.3% in 2019/20 and above the national average by 1.6%. GCSE high grades have improved on 2018/19 by 6.9% for mathematics and 7% for English. Overall Sixth Form Value Added is outstanding at a Grade 3 for 2019/20. 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.

**Support Personal Development, 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 learners 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 2019/20, a significant amount of wellbeing work has shifted online to ensure that the high-quality provision is maintained. The College were also awarded a prestigious AoC Beacon Award for support in Mental Health and Well-being.

**Curriculum****Add value to every student**

The College is ambitious for every learner and, in addition to the acquisition of qualifications; there is an expectation that all learners will undertake additional activities that will add value to them, in terms of employability, social skills, social responsibility and social and cultural capital. In 2019/20 every department introduced learners to 'Capital' - be it social or cultural and all learners were provided with key opportunities to deepen their understanding. As well as the work done within the curriculum departments, the College has a wide range of Student Support Services that contribute to this target. The central services add value to students through democratic processes; elections, forums, focus groups, engagement with the community; Royal British Legion, Barnsley Hospital and Barnsley Hospice and other activities based on the concept of citizenship. No learner will leave a Study Programme with 'just' a qualification and every learner has access to additional resources and opportunities.

**Successfully introduce T Levels**

T Levels are a new technical education programme for young people. 44 colleges across the country have been selected to be the first deliverers of the programmes and the College is the only provider in South Yorkshire.

The College has successfully introduced the three T Level routes for enrolment from September 2020. These are T Levels in Education and Childcare; Construction and Digital. The College has built upon the strong working relationships that exist with employers in these sectors to ensure that the work placement element of the T Level programme is supported and provides a real learning experience in the workplace.

**Maximise Higher Education provision in Barnsley**

The Higher education provision at the College has undergone a review to ensure it is fit for purpose as we move forwards towards a greater focus upon higher technical education. The new provision includes a number of higher apprenticeship programmes such as Construction Management Level 4 and Business and Professional Administration Level 4. Student satisfaction rates amongst Higher Education students remains very high as evidenced in the College NSS results. The overall satisfaction for the College is 88% compared to the national average of 83%.

**Expand our apprenticeship programme**

Apprenticeship provision within the College continues to grow in both volume and value of activity. Work continues to support the local economy around skills and this will become a focus as we return following the pandemic.

Key additional provision around digital skills and modern methods of construction have been introduced and will form part of the developments over the coming years

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**Strategic Report (continued)****Enhance our provision for 14-16 year olds**

The College has created a Direct Entry provision that recruited its first cohort in September 2019. It recruited 70 learners from across Barnsley Schools and created a bespoke space for them in our Park Road Building. Targets created for this provision have been challenging and both staff and students have risen to those challenges.

**Sustainability****Grow the College income**

The College set a very ambitious target of apprenticeship growth. The introduction of the levy and the continued market disruption has resulted in a very difficult apprenticeship arena. The College realised its target for income. ITS however suffered in this market as a result of COVID-19 and therefore did not meet its full target income. The overall group income for apprenticeships was £5.3m against a budget of £5.7m. Achieving 93% of this budget in the circumstances is a great success in 2019/20.

The College achieved 92% of its Higher Education income target, which is satisfactory given the increased competition by universities through conditional unconditional offers and the shift to higher and degree apprenticeships. A greater focus on HE is being undertaken in 2020/21 with research being undertaken on what the future offer should look like in future years.

The College achieved its 16-19 growth target despite the demographic decline. This has been achieved through improved recruitment processes, successful marketing and increased progression and retention. The College overall has increased its market share both for the Barnsley area as well as extra district schools. This is in line with the 3-year growth plan.

The Sheffield City Region devolution will take effect 2021/22. The College has worked with key stakeholders during 2019/20 in anticipation of this to ensure it utilises its adult education budget allocation to meet the key skills priorities of the Sheffield City Region.

**Retain and develop high performing staff**

All targets were achieved in retaining and developing high performing staff. Added focus was put on internal staff progression, levels of staff satisfaction, staff turnover and levels of sickness absence.

Staff satisfaction was on target with an average of over 90%. The response rate for the staff surveys was also high which gave confidence that the results were valid. Staff turnover was below the target of 18% and also below the sector average at 13.8%. Internal progression in the College to fill vacancies was high at 25% and this links to the work done on succession planning and through the appraisal process. Sickness absence levels were within target at 2.9%.

**Shockproof the College finances**

COVID-19 presented a critical risk to the College finances. Despite this, the College delivered its July 2019 Financial Plan. Cash generation (EBITDA) is higher than expected and this has enabled the College to achieve outstanding 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.

- EBITDA target £4m, achieved £5m.
- Debt service cover target 1.5 times, achieved 1.79.
- ESFA Financial Health Grade target exceeded, achieving Outstanding.

Initial estimates during March and April showed the College would lose £2m of income and not meet all bank covenants. The College very quickly introduced measures to mitigate the financial impact including restricting expenditure and holding small-scale capital investment. This action was key to achieving the outstanding financial results.

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**Strategic Report (continued)****Future proof the College infrastructure**

The College continued to invest heavily in both the IT infrastructure and in user-facing equipment. The College's Wi-Fi and network infrastructure benefitted substantially. By the end of the year, IT equipment used by students has continued to be updated with little now more than three years old.

**Reputation****Build external relationships**

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

The College undertook perception research and scored the College using Net Promoter Score. This is a means to understand the propensity to recommend the College as a place to work and study. The research was split by the three brands, Barnsley College, University Campus Barnsley (now Barnsley College Higher Education) and Barnsley Sixth Form College. The College had a positive result from the perception research and scored 32, 38 and 17 respectively. The scale for this is between -100 and 100 where 100 is the most positive.

Social media following has grown 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, which have promoted key aspects of the College; this included a piece on Look North following the opening of the Esports programme (the first of its kind in England). In addition, several stories reporting on the College's response in making scrubs and donating PPE ran during the height of the pandemic.

More recently, the College held a virtual visit with Gillian Keegan, Parliamentary Under-Secretary of State for Apprenticeships and Skills, which showcased the College approach to learning and resulted in a range of positive PR stories.

**Extend employer engagement**

The College has achieved an increase in the number of employers engaged by 20% in priority areas. The College developed a series of 'business breakfasts' to engage with employers locally and provide presentations to support issues that may be facing businesses at that moment in time. The Business Development unit's promotional literature has been refreshed to provide information for employers on how they can engage with us and the benefits of doing so. Apprenticeship recruitment remains a high priority.

In addition, two further employer academies were launched with Premdor and Ardagh Glass. 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 extensive links with the local hospitals have been developed.

**Boost stakeholder engagement and recognition**

The College is striving to work closer with all stakeholders.

Successful events held include a breakfast event for the Tour de Yorkshire and the Valkyrie Club networking meeting. The College also launched the Job Shop and GAINSpace, providing great opportunities to bring stakeholders into the College.

The College held three Principal's Dinners during the year. These are aimed at inviting selected guests including the local MPs, MCA Mayor, representatives from the LEP, Barnsley Metropolitan Borough Council, Chambers of Commerce, CBI and regional businesses. This is part of the stakeholder engagement plan to engage in local and regional business. This also brought Stephanie Peacock MP to College twice, she wanted to see the Job Shop, and it provided the College with a chance to show her other areas of College including the new radio station. She visited again to talk about the Donate Take project.

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**Strategic Report (continued)**

There have been three breakfast meetings held at College, inviting employers to network and speakers on key topics. The last breakfast in July was in conjunction with the CBI, with their new Director of People presenting the Perfect Harmonies paper. The College intends to run six breakfast meetings per academic year.

The College has sponsored several major events within the town including Best of Barnsley, Proud of Barnsley, Young Champions, Barnsley Cycle Race and has become a major sponsor of the Barnsley Youth Choir.

Regular meetings are held with head teachers of the Barnsley Secondary Schools and the College University partners. Engagement with schools is increasing and shows in the latest FE admissions numbers as we have increased the percentage of applications from both Barnsley and extra district schools despite the demographic dip.

**Deliver an effective marketing strategy**

The focus for marketing was around stakeholder engagement to maximise enrolments but also to build the College reputation locally, regionally and nationally. The COVID-19 pandemic changed the focus of the team. Communication during the pandemic was a key priority for the department. The College continued to deliver high levels of service in relation to sharing information but also presenting the positive news of the College.

**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.

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**Strategic Report (continued)**

The College is committed to observing the importance of sector measures and indicators and uses the data available on the [www.gov.uk](http://www.gov.uk) website, which looks at measures such as success rates. The 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 "Outstanding" 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 £41.9m (2018/19: £39.2m).

The group income was adversely affected by COVID-19. Apprenticeship income was £0.7m below the pre-COVID-19 forecast and income from other income-generating activities (commercial income) was £0.9m lower.

The financial results for 2019/20 are exceptional under the circumstances. Income is £1.3m better than the College's first COVID-19 forecast. Earning before interest, tax, depreciation and amortisation (EBITDA) of £5m is £1.6m above the first COVID-19 forecast. The College put several measures in place to minimise the impact on cash flow and bank covenants. The College Heads of Department strong financial management skills and introducing cost restrictions at the onset of the pandemic was critical.

The group's operating position before interest and depreciation ("Education Specific EBITDA") was a surplus of £5.0m (2018/19: £4.5m).

The group delivered a deficit before other gains and losses of £3,674k (2018/19: £1,738k) after:

- Depreciation charges of £6,017k (2018/19: £4,885k).
- Bank interest and pension finance costs of £1,362k (2018/19: £1,345k).

The deficit is £1,936k greater than 2018/19, of this difference £1,132k relates to planned increased depreciation charges. The staffing cost to income ratio is greater due to losses in revenue as a result of COVID-19.

The pension costs to the group of £4.9m (2018/19 £3.3m) 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 £3.9m (2018/19 £4.9m) from operations which have been reinvested in capital assets.

The ESFA Financial Health Grade for the year is Outstanding (2018/19: Good).

During the year cash balances reduced by £1,483k.

Creditors due in less than one year have increased significantly from £4,671k in 2018/19 to £9,740k in 2019/20. This is due to receipt of deferred capital grants from the DfE and Sheffield City Region LEP that did not meet all the performance conditions at July 2020. They have subsequently met the conditions and are due to be recognised as income in 2020/21.

The pension deficit has increased from £18,406k to £26,136k.

**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.

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**Strategic Report (continued)****Cash flows and liquidity**

At £3.9m (2018/19 £4.8m), net cash flow from operating activities was strong.

During the year, the College reduced its borrowing by £1.6m including settling a subsidiary loan of just over £0.4m.

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 2019/20.

**Developments**

Tangible fixed asset additions during the year amounted to £5.5m. This was split between building work of £3.7m and equipment and fixtures of £1.8m. 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 2019/20, the FE funding bodies provided 81% of the group's total income.

**Reserves**

The group has accumulated reserves of £47,494k and cash and short-term investment balances of £6,989k. 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 2019 to 31 July 2020, the College paid 94% (2019: 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 Kickstart programme, growth in traineeships to cover adults and expected programmes to support the rapid return to work of those effected by the downturn.

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2020

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## **Strategic Report (continued)**

### **Strategic priorities for 2020/21**

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 4<sup>th</sup> 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. 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. We are undertaking a strategic review to produce a corporate communication plan to ensure that throughout the year we consistently reinforce key messages and build long-standing views of the College and the work it does to meet learner and employer need.

**Barnsley College**

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**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.

**COVID-19**

The pandemic continues to affect all areas of the College. The development of guidelines at a national level will continue to guide the College in its response to COVID-19. There is little action that the College needs to take beyond that which the College put in place previously. The development of a vaccine for COVID-19 will be the greatest factor in changes that will be possible in the future and how this might enable us to increase the amount of delivery within the College. Regular meetings continue to take place involving the College's COBRA group. The College risk assessment has been 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 operational impacts continue to affect the College although business remains as close to normal as possible. There is a financial risk in terms of income levels and changes in the apprenticeship market.

**Apprenticeship Income**

The Government plans to move all apprenticeships on to the Digital Apprenticeship Service that could impact on employer engagement, apprenticeship recruitment, income generation and cost-effectiveness of delivery. Furthermore, the impact of the pandemic may hamper recruitment and the successful completion of apprenticeships. The College is planning prudently for apprenticeship income. The impact of a reduction in income is manageable within the College's financial model for 2020/21 however; beyond this, the College would need to review the delivery model. The risk of this materialising is low given the College is ahead of its planned recruitment however the ongoing pandemic will affect recruitment. 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.

**Protecting Tertiary status**

With Government policy, increasingly focusing on increased competition, free schools and academies may result in a proliferation of schools and academy Sixth Forms in the area that will impact upon the College's student recruitment and income.

**Delivery of high-quality English and mathematics**

English and mathematics is a condition of funding therefore the College must ensure all applicable learners enrolled are required by the funding rules to study these subjects. In addition to the funding implications, attracting and retaining suitably qualified staff in this area is critical to learners' success rates.

**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



**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Strategic Report (continued)****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.

**Quality and Teaching and Learning**

Ofsted grades the College as Outstanding. Maintaining outstanding status under the new Education Inspection Framework is important in relation to reputation and student performance.

**Going concern statement**

After making appropriate enquiries and considering forecasts recognising the impact of COVID-19 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 2022, cash flow forecasts to July 2022 and testing the financial model against a number of significant events that could lead to the business failure. This reverse stress testing was carried out against six potential events. These were:

- The College running out of cash.
- Loss of a key funding source.
- A 3-month delay in receipt of apprenticeship income.
- Clawback of capital funding.
- Cyber attack.
- Legal challenge.

The financial forecast for 2020/21 takes in to account the recent January lockdown. Whilst it is likely the College will not achieve all of its income budgets the College is still expected to perform well in 2020/21. The College set an exceptional budget for 2020/21 with the EBITDA target reducing by £1m to £3m. The budget does not meet any of the College's three financial performance measures. This was agreed with Santander during business planning and a covenant waiver was agreed for the year. The College is on track to meet this target.

The College budget for 2021/22 will be set to generate an EBITDA of £4m. There may be a number of revenue streams that do not return to pre-COVID-19 expectations however, the College will be reviewing these as events unfold in the coming months and set the budget accordingly. The College 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 2022. The lowest cash balances are in March 2021 and March 2022 as is normal in the sector. The March 2021 balance is forecast at £3.4m and March 2022 at £2.2m.

College forecasts indicate that all bank covenants will be met until at least July 2022. This includes meeting the reduced covenant limit set in place with Santander.

The extent that the reverse stress testing scenarios impact upon the achievement of the financial targets, cash flow and bank covenants is manageable. A number of the testing scenarios resulted in the College using its available overdraft facility in March 2021 and March 2022 however, they did not cause the College to run out of cash. For the College to run out of cash it was determined that it would have to lose £15m, which is equivalent to 36% of income. The likelihood of this in the assessment period is extremely low because the majority of the College funding for 2021/22 is secured on September 2020 16-19 recruitment, which is above the contract allocation.

## **Barnsley College**

### Financial Statements

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#### **Strategic Report (continued)**

In the main, the College has sufficient headroom in its bank covenants to withstand a level of financial disruption however, some of the scenarios did result in breaches in bank covenants relating to annual EBITDA and debt service availability. In these instances, the College would minimise the extent of the breach and enter into early dialogue with the bank.

Financial monitoring in 2020/21 has been expanded; each department forecasts monthly instead of quarterly and the level of detail in the forecast is greater. The College's internal control processes include existing mitigations against the impact and likelihood of the scenarios. However, the College can also call on other measures where needed, as it did in March 2020. These include restricting expenditure and placing staff recruitment on hold to reduce in-year costs and to protect College cash reserves. At December 2020, the College has unfilled vacancies amounting to £0.9m.

There is also flexibility in the College capital investment plan. The cash flow forecast assumes the total capital expenditure of £6m from December 2020 to July 2022. Of this £3.8m is committed to grant-funded projects and other non-cancellable commitments leaving £2.2m left that can be withdrawn if required.

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

The College will continue to monitor and respond to the risks of operating during COVID-19. The College has adapted to working remotely for both delivery of teaching and learning and undertaking administrative processes 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 2022 provide assurance the College has adequate resources until at least that date. The reverse stress testing scenarios 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.

## **Barnsley College**

### **Financial Statements**

For the year ended 31 July 2020

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## **Strategic Report (continued)**

### **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 arranges 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.
- 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.

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 For the year ended 31 July 2020

**Strategic Report (continued)**

**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 2019 to 31 March 2020

**Table 1: Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1.3

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

How many 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

**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	78.58
Total cost of facility time	£1,668
Total pay bill	£26.7m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.006%

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**Strategic Report (continued)****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 28 January 2021 and signed on its behalf by:



**Simon Perryman**  
Chair of Governors

**Barnsley College**  
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**Statement of Corporate Governance and Internal Control**

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

The College endeavours to conduct its business:

- 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 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 14 July 2015 and the updated code published in May 2019.

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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**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.

<b>Name</b>	<b>Date of Appointment</b>	<b>Term</b>	<b>Date of resignation</b>	<b>Status</b>	<b>Committees served</b>	<b>% of Corporation meetings attended</b>
N Bowen	16.07.13 Reappointed 15.07.17	4 years	n/a	Vice Chair	G&S R	90%
S Brian	11.03.14 Reappointed 20.03.18	4 years	19.01.20	Chair of Remuneration	A R	75%
C Charlesworth	24.03.20	4 years	n/a	Staff		100%
P Clarkson	01.08.16	4 years	14.07.20	Staff		89%
G Day	15.12.20	4 years	n/a			n/a
A Denniff	15.12.20	2 ½ years	n/a			n/a
K Dickinson	13.12.16 Reappointed 19.05.20	4 years	n/a	Chair of ITS, Think & BCDC	A (10.04.20 only)	100%
R Hooley	17.05.16	4 years	21.01.20	Staff		75%
H Jaggard	18.07.17	4 years	n/a	Vice Chair	G&S R	100%
S Jandu	15.12.20	3 years			A	n/a

**Barnsley College**

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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	100%
D Lea	16.07.19	When ceases to be a student	14.07.20			50%
M Lang	19.05.20	4 years	n/a		A	100%
A Newton	21.05.19	1 year	14.07.20			10%
C Moss	13.12.16	4 years	n/a			70%
C Partridge	21.10.14 Reappointed 18.12.18	1 year	17.12.19	Chair of Audit	A	100%
H Weatherston	16.06.20	4 years	n/a			100%
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%
S Taylor	12.12.17	4 years	n/a	Chair of Audit (from 01.01.20)	A	80%
S Turton	17.03.15 Reappointed 31.03.19	4 years	09.01.20		A G&S	
Y Koursis	30.04.19	When ceases to be Principal		Principal/CEO and member	G&S	100%



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

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

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 five times a year on a formal basis and five times to address single issues through creative sessions and deep dives.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are *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  
 S70 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. 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.

The College has supported one supplier throughout the pandemic by applying the Procurement Policy Notice 02/20. The supplier was paid a proportion of their contract on the basis of value for money.

**Remuneration Committee**

Throughout the year ending 31 July 2020, the College's Remuneration Committee comprised four members (amended to three members 09 June 2020) 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.

**Barnsley College**

## Financial Statements

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

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

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.

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 2020 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 five 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.

**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 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.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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

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.

All new governors have completed a comprehensive induction process and ongoing training and support are available through in-house and externally organised events.

**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, 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 five members (amended to three members on 05.May.2020) of the Corporation and meets three times 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 2020 and up to the date of approval of the annual report and accounts.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Statement of Corporate Governance and Internal Control (continued)***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 2019 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 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) twice a year. 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 impact and likelihood assessment of the principal risks facing the College is summarised.

**COVID-19**

The pandemic continues to affect all areas of the College. The development of guidelines at a national level will continue to guide the College in its response to COVID-19. There is little action that the College needs to take beyond that which we have put in place previously. The development of a vaccine for COVID-19 will be the greatest factor in changes that will be possible in the future and how this might enable us to increase the amount of face-to-face delivery within the College. Regular meetings continue to take place involving the College's COBRA group. The College risk assessment has been 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 operational impacts continue to affect the College although business remains as close to normal as possible. There is a financial risk in terms of income levels and changes in the apprenticeship market.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Statement of Corporate Governance and Internal Control (continued)****Apprenticeship Income**

The Government plans to move all apprenticeships on to the Digital Apprenticeship Service, which could impact, on employer engagement, apprenticeship recruitment, income generation and cost-effectiveness of delivery. Furthermore, the impact of the pandemic may hamper recruitment and the successful completion of apprenticeships. The College is planning prudently for apprenticeship income. The impact of a reduction in income is manageable within the College's financial model for 2020/21 however; beyond this, the College would need to review the delivery model. The risk of this materialising is low given the College is ahead of its planned recruitment however the ongoing pandemic will affect recruitment. 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.

**Control weaknesses identified**

The College retains an internal audit service to audit its systems of internal control. The 2019/20 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 in all the actions had been completed. There have not been any significant internal control weaknesses identified during 2019/20 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 Integrated Finance Model for Colleges (IFMC) in February and the Financial Return in July 2020. The programme of internal audit tests includes a risk-based approach to testing compliance with funding agreements.

**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 2019/20 and up to the date of approval of the financial statements are:

- A business continuity planning review of the control framework surrounding the design, documentation and testing of the business continuity plan and information technology disaster recovery plan. This concluded the College had adequate controls in place to manage potential business continuity related incidents and did not result in any recommendations.
- A review of learner journey was undertaken focussing on enrolment, course choices and support needs. The review confirmed the College's processes for admissions; enrolment, IAG and learning support are robust, with one low priority recommendation.
- A stakeholder engagement strategy review concluded that an adequate framework is in place. The review made two low recommendations in relation to KPIs and internal communication of the strategy.
- Six assurance based reviews all resulted in substantial assurance in relation to the design and operation of the control frameworks in place, with 10 low and one medium priority actions being agreed relating to improvements in the existing framework.  
An advisory review, Project Management, focussing on, capital projects resulted in four areas for improvement.
- Another other advisory review was undertaken for 16-19 Learner Records in accordance with the ESFA's assurance methodology there were no funding errors but the review identified three areas for improvement.
- Review of the Financial regulations.
- External assurance of sub-contracting.
- 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 2019/20 fraud register and the fraud-related policies.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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

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 2020.

*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 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 28 January 2021, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Senior Leadership Team and internal audit and taking account of events since 31 July 2020.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective 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 28 January 2021 and signed on its behalf by



**Simon Perryman**  
Chair of Governors



**Yiannis Kouris**  
Accounting Officer

## **Barnsley College**

Financial Statements

For the year ended 31 July 2020

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

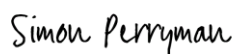
The Corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA. As part of our consideration, we have had due regard to the 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**  
**28 January 2021**



**Simon Perryman**  
**Chair of Governors**  
**28 January 2021**

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**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 should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.



**Barnsley College**  
Financial Statements  
For the year ended 31 July 2020

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

Approved by order of the members of the Corporation on 28 January 2021 and signed on its behalf by:

*Simon Perryman*

**Simon Perryman**  
**Chair**

## 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 2020, which comprise 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 2020 and of the group's income over expenditure and of the parent corporation's deficit of income over expenditure for the year then ended.

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 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.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report, their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

### Conclusions relating to going concern

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

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

In our evaluation of the Members of the Corporation conclusions, we considered the risks associated with the group's and parent corporation's business model, including effects arising from macro-economic uncertainties such as COVID-19 and Brexit, and analysed how those risks might affect the group's and parent corporation's financial resources or ability to continue operations over the period of at least twelve months

## **Independent auditor's report to the Corporation of Barnsley College (continued)**

From the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Other information**

The Members of 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 Student's ('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 and Skills Funding Agency and the Department of Education have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them.

The requirements of the OfS's 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 2019 to 2020 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.

The group and parent corporation's annual accounts are not in agreement with the accounting records.

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 26, 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.

## **Independent auditor's report to the Corporation of Barnsley College (continued)**

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/Governing Body 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Members of the Corporation, as a body, in accordance with the terms of our engagement letter dated 21 October 2020. 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  
5/2/2021

## **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 21 October 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder [including the relevant Mayoral combined Authority or the Greater London Authority], 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 2019 to 31 July 2020 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, 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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **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 self-assessment questionnaire (SAQ).
- Limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

#### **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 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities, which govern them.

**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

Grant Thornton UK LLP  
Chartered Accountants  
Leeds  
5/2/2021

**Barnsley College**  
 Financial Statements  
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**Consolidated and College Statement of Comprehensive Income**

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Group £'000	College £'000	Group £'000	College £'000
<b>Income</b>					
Funding body grants	2	35,260	34,121	32,157	31,231
Tuition fees and education contracts	4	5,383	5,157	5,441	5,350
Other grants and contracts	5	7	-	-	-
Other income	6	1,225	1,022	1,589	1,444
Investment income	7	25	23	31	28
<b>Total income</b>		<b>41,900</b>	<b>40,323</b>	<b>39,218</b>	<b>38,053</b>
<b>Expenditure</b>					
Staff costs	8	26,671	25,688	23,718	23,189
Other operating expenses	9	11,524	11,278	10,719	10,084
Goodwill write off on acquisition	-	-	-	289	-
Depreciation and impairment	12	6,017	5,989	4,885	4,871
Interest and other finance costs	10	1,362	1,348	1,345	1,345
<b>Total expenditure</b>		<b>45,574</b>	<b>44,303</b>	<b>40,956</b>	<b>39,489</b>
<b>Deficit before other gains and losses</b>		<b>(3,674)</b>	<b>(3,980)</b>	<b>(1,738)</b>	<b>(1,436)</b>
(Loss)/profit on disposal of assets		(103)	-	58	58
<b>Deficit before tax</b>		<b>(3,777)</b>	<b>(3,980)</b>	<b>(1,680)</b>	<b>(1,378)</b>
Taxation	11	-	-	-	-
<b>Deficit for the year</b>		<b>(3,777)</b>	<b>(3,980)</b>	<b>(1,680)</b>	<b>(1,378)</b>
Actuarial loss in respect of pensions schemes	24	(6,384)	(6,410)	(7,868)	(7,641)
<b>Total Comprehensive Income for the year</b>		<b>(10,161)</b>	<b>(10,390)</b>	<b>(9,548)</b>	<b>(9,019)</b>

**Barnsley College**  
Financial Statements  
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**Consolidated and College Statement of Changes in Reserves**

<b>Consolidated</b>	<b>Income and Expenditure account £'000</b>	<b>Restricted Reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 August 2018</b>	67,271	-	67,271
Deficit from the income and expenditure account	(1,680)	-	(1,680)
Other comprehensive income	(7,868)	-	(7,868)
Acquired on acquisition of ITS	(135)	135	-
Transfer between restricted and income and expenditure reserves	114	(114)	-
<b>Total comprehensive income for the year</b>	<b>(9,569)</b>	<b>21</b>	<b>(9,548)</b>
<b>Balance at 31 July 2019</b>	<b>57,702</b>	<b>21</b>	<b>57,723</b>
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)	-
<b>Total comprehensive income for the year</b>	<b>(10,208)</b>	<b>-</b>	<b>(10,229)</b>
<b>Balance at 31 July 2020</b>	<b>47,494</b>	<b>-</b>	<b>47,494</b>
<b>College</b>			
<b>Balance at 1 August 2018</b>	67,251	-	67,251
Deficit from the income and expenditure account	(1,378)	-	(1,378)
Other comprehensive income	(7,641)	-	(7,641)
<b>Total comprehensive income for the year</b>	<b>(9,019)</b>	<b>-</b>	<b>(9,019)</b>
<b>Balance at 31 July 2019</b>	<b>58,232</b>	<b>-</b>	<b>58,232</b>
Deficit from the income and expenditure account	(3,980)	-	(3,980)
Other comprehensive income	(6,410)	-	(6,410)
<b>Total comprehensive income for the year</b>	<b>(10,390)</b>	<b>-</b>	<b>(10,390)</b>
<b>Balance at 31 July 2020</b>	<b>47,842</b>	<b>-</b>	<b>47,842</b>



**Barnsley College**  
Financial Statements  
For the year ended 31 July 2020

**Consolidated and College Balance Sheets as at 31 July**

	Notes	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
<b>Non current assets</b>					
Tangible Fixed assets	12	92,028	92,048	92,611	91,840
		<b>92,028</b>	<b>92,048</b>	<b>92,611</b>	<b>91,840</b>
<b>Debtors – amounts falling due over one year</b>	14	<b>54</b>	<b>54</b>	-	-
<b>Current assets</b>					
Stocks		120	120	117	117
Trade and other receivables	14	4,144	3,957	1,471	1,578
Cash and cash equivalents	19	6,989	5,765	8,472	6,646
		<b>11,253</b>	<b>9,842</b>	<b>10,060</b>	<b>8,341</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	<b>(9,740)</b>	<b>(9,539)</b>	<b>(4,671)</b>	<b>(4,314)</b>
<b>Net current assets</b>		<b>1,513</b>	<b>303</b>	<b>5,389</b>	<b>4,027</b>
<b>Total assets less current liabilities</b>		<b>93,595</b>	<b>92,405</b>	<b>98,000</b>	<b>95,867</b>
Creditors – amounts falling due after more than one year	16	(16,726)	(16,726)	(18,276)	(17,895)
<b>Provisions</b>					
Defined benefit obligations	18	(26,136)	(25,571)	(18,406)	(17,829)
Other provisions	18	(3,239)	(2,266)	(3,595)	(1,911)
<b>Total net assets</b>		<b>47,494</b>	<b>47,842</b>	<b>57,723</b>	<b>58,232</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		47,494	47,842	57,702	58,232
Restricted reserve	26	-	-	21	-
<b>Total reserves</b>		<b>47,494</b>	<b>47,842</b>	<b>57,723</b>	<b>58,232</b>

The financial statements on pages 38-68 were approved and authorised for issue by the Corporation on 28 January 2021 and were signed on its behalf on that date by:

*Simon Perryman*  
**Simon Perryman**  
Chair



**Yiannis Kouris**  
Accounting Officer

**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2020

**Consolidated Statement of Cash Flows**

	Notes	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(3,777)	(1,680)
<b>Adjustment for non-cash items</b>			
Depreciation		6,017	4,885
Net impact of ITS acquisition less cash acquired		-	283
Increase in stocks		(3)	(4)
(Increase)/decrease in debtors		(453)	626
Increase/(decrease) in creditors due within one year		235	(749)
Decrease in provisions		(845)	(484)
Pensions costs less contributions payable		1,328	655
<b>Adjustment for investing or financing activities</b>			
Investment income		(25)	(31)
Interest payable		1,362	1,345
Loss on sale of fixed assets		103	-
<b>Net cash flow from operating activities</b>		<u>3,942</u>	<u>4,846</u>
<b>Cash flows from investing activities</b>			
Investment income		25	31
Payments made to acquire fixed assets		(2,657)	(1,901)
		<u>(2,632)</u>	<u>(1,870)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(936)	(1,031)
Interest element of finance lease rental payments		(38)	(63)
New finance lease		-	-
Repayments of amounts borrowed		(1,572)	(1,445)
Capital element of finance lease rental payments		(247)	(186)
		<u>(2,793)</u>	<u>(2,725)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<u><b>(1,483)</b></u>	<u><b>251</b></u>
Cash and cash equivalents at beginning of the year	19	8,472	8,221
Cash and cash equivalents at end of the year	19	6,989	8,472

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**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 2019 to 2020* 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 2020. 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 recognising the impact of COVID-19 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 2022, cash flow forecasts to July 2022 and testing the financial model against a number of significant events that could lead to the business failure. This reverse stress testing was carried out against six potential events. These were:

- The College running out of cash.
- Loss of a key funding source.
- A 3-month delay in receipt of apprenticeship income.
- Clawback of capital funding.
- Cyber attack.
- Legal challenge.

The financial forecast for 2020/21 takes in to account the recent January lockdown. Whilst it is likely the College will not achieve all of its income budgets the College is still expected to perform well in 2020/21. The College set an exceptional budget for 2020/21 with the EBITDA target reducing by *Elm* to £3m. The budget does not meet any of the College's three financial performance measures. This was agreed with Santander during business planning and a covenant waiver was agreed for the year. The College is on track to meet this target.

The College budget for 2021/22 will be set to generate an EBITDA of £4m. There may be a number of revenue streams that do not return to pre-COVID-19 expectations however, the College will be reviewing these as events unfold in the coming months and set the budget accordingly. The College 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.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Notes to the Financial Statements (continued)**

Cash flow forecast projections indicate the College has sufficient cash until at least July 2022. The lowest cash balances are in March 2021 and March 2022 as is normal in the sector. The March 2021 balance is forecast at £3.4m and March 2022 at £2.2m.

College forecasts indicate that all bank covenants will be met until at least July 2022. This includes meeting the reduced covenant limit set in place with Santander.

The extent that the reverse stress testing scenarios impact upon the achievement of the financial targets, cash flow and bank covenants is manageable. A number of the testing scenarios resulted in the College using its available overdraft facility in March 2021 and March 2022 however, they did not cause the College to run out of cash. For the College to run out of cash it was determined that it would have to lose £15m, which is equivalent to 36% of income. The likelihood of this in the assessment period is extremely low because the majority of the College funding for 2021/22 is secured on September 2020 16-19 recruitment, which is above the contract allocation.

In the main, the College has sufficient headroom in its bank covenants to withstand a level of financial disruption however, some of the scenarios did result in breaches in bank covenants relating to annual EBITDA and debt service availability. In these instances, the College would minimise the extent of the breach and enter into early dialogue with the bank.

Financial monitoring in 2020/21 has been expanded; each department forecasts monthly instead of quarterly and the level of detail in the forecast is greater. The College's internal control processes include existing mitigations against the impact and likelihood of the scenarios. However, the College can also call on other measures where needed, as it did in March 2020. These include restricting expenditure and placing staff recruitment on hold to reduce in-year costs and to protect College cash reserves. At December 2020, the College has unfilled vacancies amounting to £0.9m.

There is also flexibility in the College capital investment plan. The cash flow forecast assumes the total capital expenditure of £6m from December 2020 to July 2022. Of this £3.8m is committed to grant-funded projects and other non-cancellable commitments leaving £2.2m left that can be withdrawn if required.

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

The College will continue to monitor and respond to the risks of operating during COVID-19. The College has adapted to working remotely for both delivery of teaching and learning and undertaking administrative processes 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 2022 provide assurance the College has adequate resources until at least that date. The reverse stress testing scenarios 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.

**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.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Notes to the Financial Statements (continued)**

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 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.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Notes to the Financial Statements (continued)****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.

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 2020. 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.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Notes to the Financial Statements (continued)**

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.

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.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

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**Notes to the Financial Statements (continued)****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.

**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.

**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 has been estimated and included within provisions.



**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

**Notes to the Financial Statements (continued)****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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Uncertainty in valuation of property assets held by pension scheme**

Within the South Yorkshire Pension Fund details for which are set out in note 24, the valuers have reported the property fund's valuation as subject to 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation of property funds than would normally be the case. The College has concluded that, on the basis that the value of pension assets held in property at 31 July 2020 is not material in the context of overall pension assets and after considering that pension assets, including property, are invested for long-term gains, the uncertainty reported by property valuers does not have a material impact on these financial statements.

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency- adult	3,180	2,958	2,837	2,741
Education and Skills Funding Agency-16-18	25,485	25,430	24,223	23,785
Education and Skills Funding Agency-14-16	360	360		
Education and Skills Funding Agency- apprenticeships	5,166	4,335	4,579	4,187
Office for students	361	361	518	518
<b>Specific grants</b>				
Education and Skills Funding Agency- provider relief scheme	31			
Teacher Pension Scheme contribution grant	677	677		
<b>Total</b>	<b>35,260</b>	<b>34,121</b>	<b>32,157</b>	<b>31,231</b>

Under the provider release scheme, the corporation received funding of £31k from the ESFA. This amount was fully spent in the year.

**Barnsley College**  
Financial Statements  
For the year ended 31 July 2020

**Notes to the Financial Statements (continued)**

3 Grant and fee income	Year ended 31 July		Year ended 31 July	
	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
<b>Grant and fee income</b>				
Grant and fee income from the Office for Students	361	361	518	518
Grant income from other bodies	-	-	-	-
Fee income for taught awards (exclusive of VAT)	2,367	2,367	2,907	2,907
Fee income for non-qualifying courses	364	364	438	438
	<u>3,092</u>	<u>3,092</u>	<u>3,863</u>	<u>3,863</u>
<b>Total</b>				
4 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Adult education fees	283	283	324	324
Apprenticeship fees and contracts	65	41	123	90
Fees for FE loan supported courses	425	364	480	438
Fees for HE loan supported courses	2,367	2,367	2,907	2,907
International students fees	-	-	-	-
	<u>3,140</u>	<u>3,055</u>	<u>3,834</u>	<u>3,759</u>
Total tuition fees				
Education contracts	2,243	2,102	1,607	1,591
<b>Total</b>	<u>5,383</u>	<u>5,157</u>	<u>5,441</u>	<u>5,350</u>
5 Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Coronavirus Job Retention Scheme grant	7	-	-	-
<b>Total</b>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
6 Other income	Year ended 31 July		Year ended 31 July	
	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Catering and residences	608	608	773	775
Other income generating activities	307	154	393	250
Farming activities	35	35	258	258
Miscellaneous income	275	225	165	161
<b>Total</b>	<u>1,225</u>	<u>1,022</u>	<u>1,589</u>	<u>1,444</u>

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

7 Investment income	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	25	23	31	28
<b>Total</b>	<b>25</b>	<b>23</b>	<b>31</b>	<b>28</b>

**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:

	2020		2019	
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	397	377	416	386
Non-teaching staff	543	533	533	510
	<b>940</b>	<b>910</b>	<b>949</b>	<b>896</b>
<b>Staff costs for the above persons</b>				
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Wages and salaries	20,108	19,199	18,753	18,353
Social security costs	1,659	1,598	1,633	1,530
Other pension costs	4,904	4,891	3,332	3,306
<b>Total staff costs</b>	<b>26,671</b>	<b>25,688</b>	<b>23,718</b>	<b>23,189</b>

**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**

	2020	2019
	No.	No.
The number of key management personnel including the Accounting Officer was:	10	8

**Barnsley College**  
**Financial Statements**  
**For the year ended 31 July 2020**

**Notes to the Financial Statements (continued)**

The 2020 key management personnel count includes one person undertaking maternity leave cover and one person fulfilling an interim position. 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	
	2020 No.	2019 No.	2020 No.	2019 No.
£10,001 to £15,000 p.a.	1			
£25,001 to £30,000 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	2	-	-
£75,001 to £80,000 p.a.	2	2	-	-
£80,001 to £85,000 p.a.	1	1	-	-
£90,001 to £95,000 p.a.	1	1	-	-
£100,001 to £105,000 p.a.		-	-	-
£125,001 to £130,000 p.a.	1			
£130,001 to £135,000 p.a.		1	-	-
£145,001 to £150,000 p.a.	1	-	-	-
	<b>10</b>	<b>8</b>	<b>-</b>	<b>-</b>

One member of key management personnel was on reduced pay for part of the year. On a full time equivalent basis, the salary would fall within the £80,001 to £85,000 p.a. range rather than the £60,001 to £65,000 p.a. range.

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

Basic pay only	Number of staff	
	2020 No.	2019 No.
£145,001 to £150,000 p.a.	1	1
£160,001 to £165,000 p.a.	1	-
£165,001 to £170,000 p.a.	1	-
	<b>3</b>	<b>1</b>

**Barnsley College**  
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 For the year ended 31 July 2020

**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 banding do not include employer's national insurance costs.

Total emoluments	Number of staff	
	2020 No.	2019 No.
£155,001 to £160,000 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>3</u>	<u>1</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:

	2020 £'000	2019 £'000
Salaries – gross of salary sacrifice and waived emoluments	828	635
Employers National Insurance	102	80
	<u>930</u>	<u>715</u>
Pension contributions	107	82
<b>Total emoluments</b>	<u>1,037</u>	<u>797</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:

	2020 £'000	2019 £'000
Salaries – gross of salary sacrifice and waived emoluments	150	94
Employers National Insurance	19	12
	<u>169</u>	<u>106</u>
Pension contributions	35	15
<b>Total emoluments</b>	<u>204</u>	<u>121</u>

The 2019 emoluments include amounts payable to the Accounting Officer Chris Webb from 1 August 2018 to 28 February 2019.

In addition, Yiannis Koursis, the Accounting Officer from 1 March 2019 to 31 July 2019, had emoluments of Salary - £47k, employers national insurance - £6k and Pension contributions - £8k in that period (2018 nil).

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**Notes to the Financial Statements (continued)**

On a full time basis, the Interim Vice Principal Finance maternity cover is the highest paid member of staff. Their in year remuneration covering the period 1 August 2019 to 31 December 2019 is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries – gross of salary sacrifice and waived emoluments	73	27
Employers National Insurance	10	3
	<u>83</u>	<u>30</u>
Pension contributions	-	-
<b>Total emoluments</b>	<u><u>83</u></u>	<u><u>30</u></u>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Principal's basic salary as a multiple of the median of all staff	6.4	6.5
Principal and CEO's total remuneration as a multiple of the median of all staff	7.9	7.1

The above excludes agency costs.

**Relationship of Interim Vice Principal Finance pay and remuneration expressed as a multiple**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interim Vice Principal Finance basic salary as a multiple of the median of all staff	7.1	7.4
Interim Vice Principal total remuneration as a multiple of the median of all staff	7.1	7.4

The above excludes agency costs.

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Compensation paid to the former post-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.

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**Notes to the Financial Statements (continued)**

**9 Other operating expenses**

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,995	3,641	3,162	2,766
Non-teaching costs	5,876	5,929	5,743	5,589
Premises costs	1,653	1,708	1,814	1,729
<b>Total</b>	<b>11,524</b>	<b>11,278</b>	<b>10,719</b>	<b>10,084</b>

**Other operating expenses include:**

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Internal audit	31	32
Financial statements audit*	60	37
Other services provided by the financial statements auditor -		
taxation compliance	7	3
taxation advisory	17	7
other assurance services	2	1
Hire of assets under operating leases	134	69

All fees are inclusive of VAT

\* includes £41,000 in respect of the College (2019 £27,000)

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

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans	936	1,031
On finance leases	38	63
Net interest on defined pension liability (note 24)	388	251
<b>Total</b>	<b>1,362</b>	<b>1,345</b>

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**Notes to the Financial Statements (continued)**

**11 Taxation**

The members do not believe the College was liable for any corporation tax arising out of its activities during either year.

**12 Fixed Assets**

Group	Freehold Land and buildings £'000	Equipment £'000	Furniture and fittings £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2019	103,213	11,729	12,391	127,333
Additions	3,701	1,471	280	5,452
Disposals	(1,196)	(4,028)	(435)	(5,659)
<b>At 31 July 2020</b>	<b>105,718</b>	<b>9,172</b>	<b>12,236</b>	<b>127,126</b>
<b>Depreciation</b>				
At 1 August 2019	18,429	9,683	6,610	34,722
Charge for the year	2,686	1,237	1,148	5,071
Impairment	936	1	9	946
Elimination in respect of disposals	(1,193)	(4,034)	(414)	(5,641)
<b>At 31 July 2020</b>	<b>20,858</b>	<b>6,887</b>	<b>7,353</b>	<b>35,098</b>
<b>Net book value at 31 July 2020</b>	<b>84,860</b>	<b>2,285</b>	<b>4,883</b>	<b>92,028</b>
Net book value at 31 July 2019	84,784	2,046	5,781	92,611



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**Notes to the Financial Statements (continued)**

College	Freehold Land and buildings £'000	Equipment £'000	Furniture and fittings £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2019	101,998	11,454	12,043	125,495
Additions	4,450	1,467	280	6,197
Disposals	(676)	(4,020)	(371)	(5,067)
<b>At 31 July 2020</b>	<b>105,772</b>	<b>8,901</b>	<b>11,952</b>	<b>126,625</b>
<b>Depreciation</b>				
At 1 August 2019	17,922	9,418	6,315	33,655
Charge for the year	2,675	1,232	1,136	5,043
Impairment	936	1	9	946
Elimination in respect of disposals	(676)	(4,020)	(371)	(5,067)
<b>At 31 July 2020</b>	<b>20,857</b>	<b>6,631</b>	<b>7,089</b>	<b>34,577</b>
<b>Net book value at 31 July 2020</b>	<b>84,915</b>	<b>2,270</b>	<b>4,863</b>	<b>92,048</b>
Net book value at 31 July 2019	84,076	2,036	5,728	91,840

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:

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

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

The net book value of equipment includes an amount of £197k (2019 – £137k) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £162k (2019 – £329k).

**13 Non-current investments**

	College 2020 £	College 2019 £
Investments in subsidiary companies	101	101
<b>Total</b>	<b>101</b>	<b>101</b>

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## Financial Statements

For the year ended 31 July 2020

**Notes to the Financial Statements (continued)**

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 acquired the assets and liabilities of ITS group on 28 February 2019 for a nominal £1 consideration. This incorporated the charity Independent Training Services and 100 per cent of the issued ordinary shares of Smartstyle Technology Training Limited. The principal business of Independent Training Services and Smartstyle Technology Training Limited is educational training. Goodwill arising on acquisition of £289k was written off in 2018/19.

**14 Trade and other receivables**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due over one year:				
Amounts due from Sheffield City Region LEP	54	54	-	-
<b>Total</b>	<b>54</b>	<b>54</b>	<b>-</b>	<b>-</b>
Amounts falling due within one year:				
Trade receivables	407	365	206	180
Prepayments and accrued income	736	885	1,191	946
Other debtors	2,400	2,235	36	3
Amounts due from subsidiaries	-	20	-	400
Amounts owed by the ESFA	601	452	38	49
<b>Total</b>	<b>4,144</b>	<b>3,957</b>	<b>1,471</b>	<b>1,578</b>

**15 Creditors: amounts falling due within one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	1,183	1,183	1,140	1,101
Other loans	-	-	28	19
Obligations under finance leases	229	221	210	210
Trade payables	722	629	848	681
Other taxation and social security	402	402	449	390
Accruals and deferred income	2,392	2,292	1,996	1,913
Deferred income – government capital grants	4,768	4,768	-	-
Amounts owed to the ESFA	44	44	-	-
<b>Total</b>	<b>9,740</b>	<b>9,539</b>	<b>4,671</b>	<b>4,314</b>

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

**Notes to the Financial Statements (continued)****16 Creditors: amounts falling due after one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	16,367	16,367	17,982	17,601
Other loan	-	-	-	-
Obligations under finance leases	298	298	294	294
Deferred income – government capital grants	61	61	-	-
<b>Total</b>	<b><u>16,726</u></b>	<b><u>16,726</u></b>	<b><u>18,276</u></b>	<b><u>17,895</u></b>

**17 Maturity of debt****(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	1,183	1,183	1,140	1,101
Between one and two years	1,213	1,213	1,183	1,151
Between two and five years	3,839	3,839	3,865	3,641
In five years or more	11,315	11,315	12,934	12,809
<b>Total</b>	<b><u>17,550</u></b>	<b><u>17,550</u></b>	<b><u>19,122</u></b>	<b><u>18,702</u></b>

**Barnsley College**

## Financial Statements

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**Notes to the Financial Statements (continued)**

The College has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2019 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 £2,584k 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 £3,030k on a further fixed term loan at a fixed interest rate of 4.81% until 2029 and £3,036k 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 2020 was £3,784k. The repayments on all these loans are quarterly until 2029.

All the loans are subject to covenants.

The College received three Salix loans for a total of £218k to fund replacement lighting in the College's buildings. At July 2020, there was no outstanding balance (2019: £19k).

ITS have a bank loan with NatWest secured against the property in Park Road. At 31 July 2019, the balance outstanding on the loan was £419k. The loan was repaid in full during 2019/20.

ITS has a finance lease with Lombard. At 31 July 2020, the balance on the loan was £8k. This was settled after the year-end.

**(b) Finance leases**

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
In one year or less	229	221	210	210
Between two and five years	298	298	294	294
In five years or more				
<b>Total</b>	<b>527</b>	<b>519</b>	<b>504</b>	<b>504</b>

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 2019	18,406	1,914	1,681	22,001
Expenditure in the period	(1,434)	(138)	(707)	(2,279)
Additions in period	9,164	491	-	9,655
<b>At 31 July 2020</b>	<b>26,136</b>	<b>2,267</b>	<b>974</b>	<b>29,377</b>

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

	2020	2019
Price inflation	2.20%	2.20%
Discount rate	1.30%	2.00%

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.

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**Notes to the Financial Statements (continued)**

**19 Cash and cash equivalents**

	At 1 August 2019	Cash flows	Other changes	At 31 July 2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents	8,472	(1,483)	-	6,989
<b>Total</b>	<b>8,472</b>	<b>(1,483)</b>	<b>-</b>	<b>6,989</b>

**20 Analysis of net debt**

	At 1 August 2019	Cash flows	New finance leases	Other changes	At 31 July 2020
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	8,472	(1,483)	-	-	6,989
Bank loans due within one year	(1,140)	-	-	(43)	(1,183)
Bank loans due greater than one year	(17,982)	1,615	-	-	(16,367)
Finance lease obligations	(504)	248	(271)	-	(527)
<b>Total</b>	<b>(11,154)</b>	<b>380</b>	<b>(271)</b>	<b>(43)</b>	<b>(11,088)</b>

**21 Capital and other commitments**

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

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**Notes to the Financial Statements (continued)**

**22 Lease obligations**

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

	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>College 2019 £'000</b>
<b>Future minimum lease payments due</b>				
<b>Land and buildings</b>				
Not later than one year	117	81	111	49
Later than one year and not later than five years	158	118	176	80
Later than five years	1,090	1,090	1,104	1,104
	<u>1,365</u>	<u>1,289</u>	<u>1,391</u>	<u>1,233</u>
<b>Other</b>				
Not later than one year	2	2	1	1
Later than one year and not later than five years			-	-
Later than five years			-	-
	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>
<b>Total lease payments due</b>	<u><b>1,367</b></u>	<u><b>1,291</b></u>	<u><b>1,392</b></u>	<u><b>1,234</b></u>

**23 Financial assets and liabilities**

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Financial assets measured at amortised cost</b>	10,580	9,450
<b>Financial liabilities measured at amortised cost</b>	21,010	22,289

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.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2020

**Notes to the Financial Statements (continued)****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.

<b>Total pension cost for the year</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,631	1,356
Local Government Pension Scheme:		
Contributions paid	1,434	1,305
FRS 102 (28) charge	1,328	641
Charge to the Statement of Comprehensive Income	2,762	1,946
Enhanced pension charge to Statement of Comprehensive Income	491	30
<b>Total Pension Cost for Year within staff costs</b>	<b>4,884</b>	<b>3,332</b>

Contributions amounting to £343k (2019 £300k) 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.

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.



**Barnsley College**

## Financial Statements

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**Notes to the Financial Statements (continued)**

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 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £1,631,000 (2019: £1,356,000).

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by SYPF. 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 2020 by a qualified independent actuary.

<b>College</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
Rate of increase in salaries	2.3%	2.2%
Future pensions increases	2.3%	2.2%
Discount rate for scheme liabilities	1.6%	2.2%
Inflation assumption (CPI)	2.3%	2.2%
<b>ITS</b>		
Rate of increase in salaries	2.3%	3.45%
Future pensions increases	2.3%	2.3%
Discount rate for scheme liabilities	1.5%	2.1%
Inflation assumption (CPI)	2.3%	2.2%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:		
	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
	years	years
<i>Retiring today</i>		
Males	21.2	21.6
Females	24.2	24.7
<i>Retiring in 20 years</i>		
Males	21.8	23.0
Females	25.3	26.2

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**Notes to the Financial Statements (continued)**

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

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £'000	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019 £'000
Equity instruments		24,312		28,076
Debt instruments		12,893		11,595
Property		4,420		4,670
Cash		2,157		1,718
Other		8,841		7,622
<b>Total fair value of plan assets</b>		<u>52,623</u>		<u>53,681</u>
<b>Weighted average expected long term rate of return</b>	<b>1.1%</b>		<b>2.2%</b>	
<b>Actual return on plan assets</b>		<u>560</u>		<u>3,171</u>

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

	2020 £'000	2019 £'000
Fair value of plan assets	52,623	53,681
Present value of plan liabilities	78,759	(72,087)
<b>Net pensions liability</b>	<u>(26,136)</u>	<u>(18,406)</u>

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

	2020 £'000	2019 £'000
<b>Amounts included in staff costs</b>		
Current service cost	2,617	1,917
Past Service cost	103	-
Administration expenses	40	29
<b>Total</b>	<u>2,760</u>	<u>1,946</u>
<b>Amounts included in investment income</b>		
Net interest cost	388	261
<b>Total</b>	<u>388</u>	<u>261</u>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	-	2,427
Changes in assumptions underlying the present value of plan liabilities	(6,015)	(10,295)
<b>Amount recognised in Other Comprehensive Income</b>	<u>(6,015)</u>	<u>(7,868)</u>

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**Notes to the Financial Statements (continued)**

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability)/asset in scheme at 1 August	(18,406)	(9,292)
Movement in year:		
Liability acquired from ITS	-	(350)
Current service cost	(2,617)	(1,917)
Past service cost	(104)	
Administration expenses	(40)	(29)
Employer contributions	1,434	1,305
Net interest on the defined (liability)/asset	(388)	(261)
Actuarial gain or loss	(6,015)	(7,862)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>(26,136)</b>	<b>(18,406)</b>

**Asset and Liability Reconciliation**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>72,087</b>	<b>55,930</b>
Obligations acquired from ITS	-	2,204
Current service cost	2,619	1,917
Interest cost	1,574	1,687
Contributions by Scheme participants	491	446
Past service cost	103	-
Experience gain	(5,020)	-
Changes in financial assumptions	8,205	10,295
Estimated benefits paid	(1,300)	(392)
<b>Defined benefit obligations at end of period</b>	<b>78,759</b>	<b>72,087</b>
<b>Fair value of plan assets at start of period</b>	<b>53,681</b>	<b>46,638</b>
Plan assets acquired from ITS	-	1,854
Interest on plan assets	1,186	1,426
Return on plan assets	(2,836)	2,427
Employer contributions	1,435	1,305
Contributions by Scheme participants	497	446
Estimated benefits paid	(1,300)	(392)
Administration expenses	(40)	(23)
<b>Fair value of plan assets at end of period</b>	<b>52,623</b>	<b>53,681</b>

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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 2019/20 investment returns	-1% change in 2019/20 investment returns
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities	78,759	77,167	80,384	78,890	81,158	78,759	78,759
Assets	(52,623)	(52,623)	(52,623)	(52,623)	(52,623)	(53,152)	(52,094)
Deficit/(Surplus)	26,136	24,544	27,761	26,267	28,535	25,607	26,665
Projected Service Cost for next year	3,088	2,995	3,185	3,088	3,192	3,088	3,088
Projected Net interest Cost for next year	406	404	432	408	444	397	415

**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 method of equalisation has increased the College's pension liabilities in respect of the South Yorkshire Pension Fund and the fund actuary calculated an estimated liability of £103k (nil for ITS) which was recognised during 2019/20 in past service costs.

**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 College's pension liabilities in respect of the South Yorkshire Pension Fund have increased due to this although the method of remedy and hence the amount of the increase in liabilities is not yet known. The fund actuary calculated an approximate estimated liability of nil in 2018/19 and 2019/20.

**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 2020	Creditor Balance at 31 July 2020	Nature of Goods or Services purchased by the College	Nature of Goods or Services purchased by the other party
Barnsley MBC	Governor	£1,155,053	£854,190	£300,863	£166	£175,934	Rent, rates and support worker recharges	High Needs Element 3
Horizon Community College	Governor	£52,740	£52,740	£0	£0	£0	n/a	14-16 provision
iTrust Barnsley CIC	Principal	£500	£0	£500	£0	£0	Payment to support student business start up	n/a
NOCN	Governor	£70,037	£0	£70,037	£0	£156	Exam Costs	n/a
Sheffield Hallam University	Governor	£123,421	£256	£123,165	£0	£0	Franchise fee and external verification	Student Placement payments
Wellspring Academy Trust	Principal	£0	£0	£0	£0	£0	n/a	n/a
One Awards Ltd	Governor	£0	£0	£0	£0	£0	n/a	n/a
KPMG	Governor	£0	£0	£0	£0	£0	n/a	n/a

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 £1,335; two governors (2019: £1,150; 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: None).

**26 Restricted reserve**

2020  
£'000

2019  
£'000

Arising on consolidation of subsidiary

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**Barnsley College**

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For the year ended 31 July 2020



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