



**Bradford** College

# **Annual Report and Financial Statements**

For the year Ended 31 July 2020

## **Key Management Personnel**

Key management personnel, defined as members of the College's Executive Management Team, were represented by the following in 2019/20:

Mr Chris Webb – Chief Executive Officer; Accounting Officer (Appointed March 2019)

Mr Chris Malish – Deputy Chief Executive Officer previously Director of Finance and Corporate Affairs (Appointed August 2017)

Ms Dawn Leak – Vice Principal, Curriculum and Development previously Director of Employer Responsiveness (Appointed December 2016)

Ms Sarah Cooper – Director of People Services (Appointed April 2019)

Mr Craig Tupling – Principal, Quality and Student Experience Previously Deputy Chief Executive Officer (Appointed October 2018)

## **Board of Governors**

A full list of Governors is given on page 15-16 of these financial statements.

Ms Sarah McKenzie acted as Clerk to the Corporation from 1 May 2020

Mrs S West acted as interim Clerk to the Corporation from 1 Mar 2019 to 30 April 2020

## **Professional Advisers**

### **Financial Statements and Regularity Auditors:**

RSM UK Audit LLP  
Two Humber Quays  
Wellington Street West  
Hull HU1 2BN

### **Internal Auditors:**

Wylie and Bisset  
168 Bath Street  
Glasgow  
G2 4TP

### **Bankers:**

Lloyds Bank  
Wholesale Banking & Markets  
North, East and West Yorkshire  
2nd Floor Lisbon House  
116 Wellington Street  
Leeds LS1 4LT

### **Solicitors:**

Eversheds  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

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# CORPORATION REPORT

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## NATURE, OBJECTIVES AND STRATEGIES

1. The corporation present their report and the audited financial statements for the year ended 31 July 2020.

### Legal status

2. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the then Bradford & Ilkley Community College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
3. On 1 September 1999, with consent from the Secretary of State, the name of the Corporation was changed to Bradford College.

### Mission

4. The College is passionate about students, the experience they have, the support that can be provided, the opportunities that the College can generate and the value that we can add to their time at the College.

### Public Benefit

5. COVID-19: The College focused on continued delivery whilst taking supportive action to ensure all students' needs were addressed in the change to remote delivery of our educational courses. Early action was taken to ensure equipment, software and support was in place at the very start of March 2020 as lockdown commenced. The College have in the main had very pleasing feedback from both students and staff on the transition to remote delivery of lessons and remote working. Thanks go out to the whole of the teaching and administration teams for making this a success.
6. Partnership working and contracts with stakeholders have had a different focus during COVID-19. The College re negotiated contacts where it was appropriate to do so. Working to furlough staff members as appropriate has meant the College can continue to meet its financial obligations during the COVID-19 pandemic. With the announcement of a further national lockdown effective from the 5<sup>th</sup> of January 2021, the College physically closed for all staff and students apart from exceptions allowed by Government guidance, working from home will continue and on-line learning will be in place throughout. A COVID-19 testing site will be set up on the College site.
7. The College is an exempt charity under Part 3 of the Charities Act 2011 and its principal regulator is the Secretary of State for Education. The College Governors, who are trustees of the charity, are disclosed on page 12 of these financial statements. They are aware of their responsibilities as charity trustees to act for the public benefit in all their decision-making.
8. In setting and reviewing the College's strategic objectives, Governors had due regard for the Charity Commission's guidance on public benefit and, in particular, its supplementary guidance on the advancement of education.
9. The College is committed to providing high-quality education and to increasing educational opportunities among all the communities it serves, to increase the economic prospects and social mobility of Bradford and the surrounding areas. Substantial public benefit is provided through the wide range of activities it undertakes, from equipping individuals with basic life skills such as literacy and numeracy; to producing graduates and contribution research.
10. As its core business, the College operates a general further education College, delivering a range of courses and study programmes, including apprenticeships at intermediate and advanced levels, supporting individuals to achieve their learning goals and complete their studies with skills equipping them for higher level courses or for the national workforce. It supports a large number of those individuals to undertake practical work experience directly linked to their study programmes, to help develop their employability skills. The College works collaboratively with statutory agencies, educational partners and private enterprises, including the Leeds City Region and Combined Authority in order to contribute to the creation of a skilled workforce.

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

11. The College partners with numerous local charities, social enterprises and community organisations, encouraging students to become involved in volunteering to support their personal development, augmenting the employability skills of those concerned and nurturing their sense of citizenship and social responsibility.
12. Examples of the College's engagement in activities that are of benefit to the wider public in 2019/20 are:
  - Throughout the year, staff and students supported a number of charities including Children in Need, Bradford Central Foodbank and Bradford Teaching Hospital's Charity Trust (Children's Ward and Hospital Heroes).
  - Supported the NHS and keyworkers during the peak of the Covid-19 pandemic by donating medical supplies, including gloves and hand sanitiser. Made and donated over 1,000 PPE visors using College materials and 3D printers. Staff and students in Adult & Community also made and donated face masks and hospital scrubs.
  - Supported local vulnerable families by donating food and ingredients from the College's training restaurant kitchen to the Bradford Central Foodbank.
  - The College worked with Bradford Council, SkillsHouse and Skills for Care to run induction programmes to enable a pool of workers to start employment in nursing and care homes in the district during the Covid-19 pandemic.
  - The College signed up to the Dying to Work Charter, following in the footsteps of employers such as Rolls Royce, Royal Mail and the Co-op. The Charter is part of the TUC's wider Dying to Work campaign which is seeking greater security for terminally ill workers where they cannot be dismissed as a result of their condition.
  - The College signed the Association of College's Mental Health Charter in a show of commitment to the health and wellbeing of its staff and students.
  - Continued as a Lead Associate School for the Royal Shakespeare Company, holding three events with more than 120 young people from schools across the city.
  - Health and Social Care (Level 2 extended diploma) students sourced items and produced goodwill hampers for charities supporting homeless and vulnerable people.
  - Supported and hosted the 'Inkerwoven' Project exhibition. The project is a partnership between a group of Bradford artists and the Bradford School of Art, and was inspired by the College's Textile Archive.
  - Catering and hospitality students met the Duke and Duchess of Cambridge, during their visit to the city. The visit took place at the restaurant MyLahore where the students helped in the preparation of the dishes enjoyed by the royal couple.
  - The College launched a campaign to raise awareness of the work carried out by the NHS Blood and Transplant department. The campaign highlighted the changes to the law regarding organ donation, and sought to educate students and local communities on the serious shortage of organ donors from BAME backgrounds.
13. The College produces and conserves works of artistic merit, for example curating a rich textile archive which it makes available for art students, designers, fabric manufacturers and the general public. It has mounted a series of exhibitions at prestigious events and venues which are open to the public, some involving international work. Paintings, designs and sculpture are displayed around the College campus and include student work.
14. The College continues to engage with the international programme Erasmus, although the medium term future of this programme is in question and will depend on the resolution of Brexit.

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

15. The College has a Teaching Excellence Framework (TEF) Bronze award, meaning that the College “achieves good outcomes for most of its students”
16. The College provides training and support for learners with learning difficulties and/or disabilities, enhancing their ability for both independent living and preparation for work. It supports such learners to enable them to be taught in mainstream classes and provides support for those with behavioural problems. During the return to College particular measures were placed to enable vulnerable learners and learners with high needs to attend College ahead of a full return to study during the Covid-19 pandemic, this helped the group of learners settle more easily into the new environment in preparation for the full return to College in September 2020.
17. The College continues with its commitment to provide training and industry relevant qualifications through a range of apprenticeship programmes that support local employees and employers. Circa. 91% of employees completing apprenticeships with Bradford College go onto progress or continue into sustained employment.
18. The College has a strong commitment to widening participation in education and learning and, in furtherance of this, it works with a number of organisations in the region to promote this. Young people are also engaged through initiatives such as weekend workshops, for example in computer programming and art, as well as dance classes and theatre projects, aimed at nurturing talent, promoting further and higher education and building confidence, as well as increasing public understanding of careers in various sectors.
19. The College delivers an extensive programme of teacher education, supporting school improvement through teacher training for local schools. It has excellent relationships with local schools, training a large proportion of their professional workforce. As well as training for new teachers, including for its own workforce, courses are offered for those who wish to improve their teaching skills.
20. The college has supported the needs of BRI by developing and delivering Adult Social Care apprenticeships at level 2 and level 3, supporting the recruitment of key frontline staff. Apprenticeships in Dental, Pharmacy and a Higher Level apprenticeship in Social Work demonstrate the College’s commitment to supporting regional employers to provide the essential services needed.
21. Further information about how the College has delivered its charitable purposes for the public benefit is detailed throughout the Corporation Report.

### Implementation of Strategic Plan

22. The start of the 2020 academic year has brought in new considerations to present the College Covid-19 safe for new and returning students and staff. Welcome back sessions include a number of measures to safeguard everyone on campus, resources have been made available to make the College a Covid-19 safe environment from the start of the new academic year to support the vision of **creating a better future for all through education and training**.

The strategic goals and objectives of the College’s five-year corporate strategy in the pursuit of the College’s educational mission, **working together to transform lives**, are laid out below. At the start of each academic and financial year, Corporation approves the strategic priorities, key improvement actions and performance targets to be achieved by the end of that year. Performance targets are set for each of the key performance indicators that measure the success of achieving the strategic objectives. This allows for monitoring by Corporation during the year to allow for prompt intervention if there is any major deviation from achieving the strategic objectives and goals. In this way, the Corporation is overseeing the execution of the College’s corporate strategy on an annual basis.

**Goal 1: Deliver a curriculum that meets the needs of students, employers and our community**

**Goal 2: Deliver an outstanding student experience**

**Goal 3: Be an employer of choice**

**Goal 4: Maintain a sustainable College**

**Goal 5: Grow our reputation and influence**

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

23. In pursuing the strategic goals and objective, the College do so in accordance with its set of **values**, which guide the way things are done:
- a. **Respectful:** supportive, empathetic, mindful.
  - b. **Inclusive:** belonging, valued, understanding.
  - c. **Trust:** credible, accountable, honest.
  - d. **Inspirational & Aspirational:** passion, ambition, belief, confidence.
24. In 2019/20, strategically, the College was committed to continue its strengthening of its academic and financial sustainability through continuing with a programme of change in the face of ongoing challenges in both the FE and HE sectors in England.

### Key Performance Indicators

25. The College monitors its performance in delivering the strategic goals and objectives of the institution using a set of key performance indicators. The indicators align with the goals set by the corporation, namely
- to deliver a curriculum that meets the needs of students, employers and our community
  - to deliver an outstanding student experience
  - to be an employer of choice
  - to maintain a sustainable college
  - to grow the college's reputation and influence

For 2019/20 a sample of the actual performance against target is shown below:

	<b>Target</b>	<b>Actual</b>
Staff costs as % of income*	63.0%	63.5%
Cash days in hand	64	83
Adult students' achievement	89%	89%
16-18 students' achievement	89%	88%
Student attendance	90%	82%
EBITDA % Income**	2.2%	6.46%

\*Includes restructuring costs

\*\* Earnings Before Tax, Interest and Depreciation (EBITDA), excludes pensions charges.

# CORPORATION REPORT

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## NATURE, OBJECTIVES AND STRATEGIES (Continued)

### FINANCIAL POSITION

#### Financial results

26. The College Group suffered a deficit before other gains and losses in the year of (£3.477m) (2018/19 – surplus of £17.993m).
27. The total comprehensive income in 2019/20 is stated after accounting for the following items:
  - a. Actuarial loss in respect of defined benefit pensions schemes, which relates to the West Yorkshire Pension Fund (WYPF, a Local Government Pension Scheme), of £19.121m (2018/19 – actuarial loss of £18.469m);
  - b. Restructuring costs of £0.207m (2018/19: cost of £2.840m);
  - c. Additional employer service costs for the defined benefit pension scheme with the WYPF of £1.924m including past service costs of £151k as per FRS 102 (28) (2018/19 – cost of £0.946m)
  - d. Net interest payable on the defined pension liability with the WYPF of £0.834m as per FRS 102 (28) (2018/19 – cost of £0.511m);
  - e. Interest and other finance costs, excluding the pension finance cost as per the above item, of £0.712m (2018/19 cost of £7.63m)
  - f. Depreciation charge of £3.03m (2018/19 – cost of £3.37m)
28. Capital investment - the College Group invested £1.046m in fixed asset additions during the year.
29. Reserves – the Group reserves amounted to £1.045m at the year-end. It held £10.219m in cash and bank balances at that date.
30. The College reserves are reviewed in line with Charity Commission guidance, through forecasting and quarterly analysis of actuals. Performance is measured against key indicators for EBITDA as a percentage of income, staff costs as a percentage of income, borrowing as a percentage of income, adjusted current ratio and bank covenant compliance. Where a key performance measure is highlighted as breach or potential breach of the minimum levels set, corrective action is taken to ensure the College reserves are not compromised. Aspirational levels are set for each of the key performance measures. Planned income is monitored through the annual business planning cycle with quarterly reviews. Cash reserves are subject to monthly reconciliation.
31. The College reserves remain at a satisfactory level after the impact of COVID-19, income has seen a sharp decline in apprenticeship and non-core income in the last six months. Measures are in place to protect the College reserves and cash and bank balances. Core income levels, with the exception of apprenticeship income have remained stable during the COVID-19 pandemic.
32. The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019/20 these funding bodies provided over 70% of the Group's total income.
33. The College Group is made up of the College and its two wholly-owned subsidiaries and two joint venture companies. The two subsidiary companies are being wound down during 2020/21 towards closure. The two wholly-owned subsidiary companies are: Training for Bradford Ltd trading as City Training Services (CTS) and Beacon Recruitment & Placement Services Ltd. The principal activity of CTS is apprenticeships and other forms of work-based learning. Beacon Recruitment & Placement Services Ltd recruits and places temporary staff within the College and elsewhere and arranges placements for students as part of their course requirements.
34. The closure of Training for Bradford Limited and Beacon Recruitment & Placement Services Ltd is due to declining business particularly worsened due to the COVID-19 pandemic experienced from March 2020.



## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

35. The College has a 50% share in Inprint & Design Ltd, a joint venture company with the University of Bradford, the principal activity of which is a range of print and graphics design services. Its other joint venture is ATA, ATA has been brought to a close during the year 2019/20.
36. COVID-19 Pandemic: A sharp decline in anticipated income through the apprenticeship programmes and commercial income has been experienced due to COVID-19, with losses of around £600k to £1m being anticipated. Apprenticeship programmes either did not start or apprentices took a break in learning or where made redundant.
37. The furlough scheme was used to offset some staffing costs during the period related to the COVID-19 pandemic to mitigate costs. Deferral schemes for tax payments have also been put in place. Further mitigation of costs and a redundancy programme have been put in place to minimise the effect of the loss of income due to the COVID-19 pandemic.

### FUTURE PROSPECTS

38. **Financial Plan** – the Corporation approved a three year financial plan in July 2019 which sets objectives for the period to 2022 as part of delivering a sustainable college.
39. Treasury policies and objectives - the College has a Treasury Management Policy in place, applicable to both the investments and borrowings of the College. The policy recognises the difficulties of striving for effective risk management and controls whilst at the same time pursuing value for money. The aim is to effectively manage cash flows and banking arrangements to meet the College's needs.
40. Applications on Further Education and Higher Education programmes may prove to be challenging this coming year, however we are anticipating new opportunities that the College will pursue.
41. Reduction in apprenticeship numbers has affected the future planning, redundancies and cost reduction measures have been introduced to minimise the income loss.
42. Unforeseen additional costs have been experienced due to the Covid-19 pandemic as the College moved to delivery platforms that allow study and working from home. These additional costs continue into 2020/21 as social distancing measures are introduced. Close monitoring of performance with regular review are in place to aid in the control of the college's reserves. The College worked closely with suppliers to ensure early payment to the supply chain in accordance with the Government Procurement Policy Notices. Contracts were re-negotiated where sub contract employees moved workforce onto furlough arrangements.
43. **Cash flows and liquidity** - at £3.336m (inflow) for 2019/20 (2018/19 £5.652 m inflow).
44. The net overall cash inflow of £1.622m (2018/19 – inflow £1.378m) was due to an increase in HE and FE fee income receipts, as well as savings in pay and non-pay costs in the year. Pay costs savings being as a result of restructuring.
45. **Reserve Policy** - the College Group wishes to build its reserves in order to:
  - a. Maintain financial solvency and continually improve financial sustainability;
  - b. Strengthen the ESFA financial health grading;
  - c. Ensure full compliance with bank loan covenants;
  - d. Fully cover pension fund liabilities
46. At the year end the College had total group reserves of £1.045m. It is the College's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

47. **Going concern** –The College continue to work closely with the ESFA and the Lloyds Banking Group, during the 2019/20 financial year a bank waiver was granted for April 20 and July 20 when a breach was forecast on the bank covenant after sales of buildings failed to be concluded as anticipated. The Covid-19 pandemic has meant sales of property have halted, there is an expectation that advancement in the planned building sales will continue during 2020/21. Should the sale of the buildings not advance the College have the ability to repay the loans due within the next two years from cash reserves to meet the bank obligations.
48. Further breaches of the bank covenant have been forecast for October 20 and have been forecast for January, April and July 2021. The bank are very supportive of the College granting waivers for October 20 and January 21. The bank, however, are unable to give waivers so far in advance but have indicated that the waivers are likely to be awarded for both the April and July 21 breaches. The College are working with the bank to reset the Covenants during 2021. The College has positive cash balances of circa. £10m and this gives rise to confidence going forward.
49. A balanced budget has been set through the robust and detailed business planning rounds, giving control and visibility with a view to meeting the College strategic aim to deliver a sustainable college. The College planned closure of the two Group companies is on target for 2020/21, the activities will be brought in house to improve oversight and provide back office efficiencies.
- The College aims to deliver an outstanding student experience, meeting student, employers and the community needs through the curriculum, building on reputation and influence and becoming an employer of choice. The Covid-19 pandemic has strengthened the College's ability to deliver a flexible working environment for both staff and students, as implementation of remote working and curriculum delivery ensured the continuance of College operations during the Covid-19 lockdown. The College proved it was well prepared in resources and successfully created a Covid-19 safe environment for a return to College for academic delivery from the start of the 2020/21 academic year.
- Financial support has been sought as appropriate through the government furlough scheme and deferral of tax payments. However the current cash holding means that application for Government support related to Covid-19 Provider Relief Scheme were not successful. A redundancy programme was put in place that has seen a reduction in staff costs from the start of the new financial year 2020/21. The support received during the Covid-19 pandemic helped the College maintain an acceptable level of cash reserves, the position will be reviewed during the coming months, however the College feels through careful monitoring and planning the future sustainability of the financial position of the College will be maintained. The College has prepared cashflow projections through to July 2023 which demonstrate that, taking into account potential changes in funding and cost base as a result of the ongoing COVID-19 pandemic, the College can meet its working capital and debt obligations as they fall due.
- The College has a good proven record of a robust budget planning and monitoring system, which is embedded in the financial management enabling the college to address reductions in income through strong cost control, this along with good current cash levels gives assurance that the college continues to be a going concern. On this basis, the Governors are satisfied that the College remains a going concern and therefore adopt the going concern basis of accounting, however the Governors acknowledge the bank loans and the ability to satisfy the bank covenants give rise to material uncertainties that continue to be a focus and priority for the College into 2020/21.

### CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

#### FE Quality

50. The College's Further Education self-assessment review, against the new Education Inspection Framework gained an overall effectiveness judgement of 'Good'. This is an improvement compared with the "requires improvement grade of 2019/20.
51. The good grade is supported by a 3 year improving trend in student outcomes and an improvement in learning, teaching and assessment.

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

#### Payment Performance

52. The late payment of Commercial Debts (Interest) Act 1998 requires organisations, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of the goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95% the College is improving year on year (19/20) 85% to (18/19) 51.78%. No interest charges were incurred in respect of late payment.

#### RESOURCES

53. The College Group has £1.045m of net assets (including a pension liability of £62.19m, an increase of 54.3% from the previous year). Fixed Assets include properties with a balance sheet value of £75.83m.
54. The pension liability continues to experience fluctuations, a result of the wider uncertainty in the stock market due to the COVID-19 pandemic, BREXIT and amendments to scheme rules and changing actuarial assumptions.
55. The College Group employs 859 staff (expressed as numbers by head count) of whom 460 are teaching staff.
56. The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships.

#### STRATEGIC RISKS AND UNCERTAINTIES

57. The College has well developed strategies for managing risk and seeks to imbed risk management in all that it does. The College has a robust planning and monitoring system in place that tracks both quality and finances and ensures where there is deviation from plans actions are taken to mitigate this. Risk implications are considered at all committee meetings, with each agenda item being referenced to the relevant risk. The College continues to develop and embed improved systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation. It has standardised the risk management approach of the College's subsidiaries in line with that of the College.
58. The corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.
59. A strategic risk register is maintained at College level which is reviewed at each meeting of the Audit Committee and more frequently where necessary by other committees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College, the sources of assurance and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.
60. Outlined below is a description of the principal risks affecting the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

#### Outstanding student experience

61. The College needs to ensure it continually improves the quality of teaching, learning and assessment and there is a risk that it may not do this. The quality of delivery to students needs to be of sufficient quality to produce acceptable progression and achievement rates.
62. In addition, a failure to ensure that achievement rates and value-added increase and are above national averages may trigger an inspection. This would have a detrimental impact upon reputation and recruitment.

#### Curriculum offer

63. The College needs to ensure the curriculum is relevant, innovative, adds value and is of high quality and is planned and improved to meet the needs of learners and employers. If this is not achieved and learner needs are not met, there is a risk that learner numbers will decline as they seek other providers of relevant curriculum.

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

#### Staff

64. The College may fail to retain senior leaders required to continue to deliver clear strategy and leadership.
65. It could also fail to recruit, retain and engage high performing employees. The College will mitigate this by ensuring it offers a good but challenging working environment that also stimulates staff in parallel to market level with a strategic goal of becoming an employer of choice.

#### Achieving recruitment targets

66. The College risks failing to meet its recruitment targets and thus missing its income total. The College would be required to address its cost base as a result of predicted deficits and face a position where financial obligations cannot be met.

#### Financial Sustainability

67. The College has formulated a strategic sustainable financial plan in conjunction with the ESFA in light of the financial notice to improve issued in 2017/18 and to safeguard the College's against the ongoing financial challenges facing the FE sector and HE sector. There is a risk that there is an inability to maintain financial sustainability by failure to generate operating surpluses, control costs and manage cash flow. The College will continue to seek to identify and realise income growth and cost saving opportunities to improve the achievement value-for-money from the use of its resources in delivering the corporate strategy. The prime focus will be the improvement of student achievement and numbers enrolled.
- The Teachers Pension Scheme increases of 7% is being funded by ESFA from 1<sup>st</sup> September 2019 to March 2021. Funding from April 2021 onwards will be considered as part of the government spending review.

### STAKEHOLDER RELATIONSHIPS

68. In line with other Colleges and Universities, Bradford College has many stakeholders. These include:
- students, both current and future, and Alumni
  - education funding bodies
  - FE Commissioner
  - staff and their trade unions
  - local employers (with specific links) including its suppliers
  - local authorities, government offices and local enterprise partnerships
  - partner schools and universities as well as other Colleges
  - professional organisations in the sectors it works in

#### Equality

69. Bradford 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, ability, religion or belief and age. It strives vigorously to remove conditions which place people at a disadvantage and actively combats bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality, Diversity and Inclusion Policy, which includes Race Relations and Transgender, is published on the College's internet site.
70. The College publishes an Annual Equality, Diversity and Inclusion Report to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

## CORPORATION REPORT

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### NATURE, OBJECTIVES AND STRATEGIES (Continued)

71. The College has committed to the principles and objectives of the Positive about Disabled standard. It considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to facilitate the continuance of their employment with the College. The College's policy is to provide training, career development and opportunities for promotion for employees with disabilities that are, as far as possible, identical to those for non-disabled employees.

### Disability Statement

72. The College seeks to achieve the objectives set down in the Equality Act 2010:
- i. as part of the redevelopment of the buildings lifts and ramps have been installed;
  - ii. there is a stock of specialist equipment, such as lighting for audio facilities, a range of assistive technologies, which the College can make available for use;
  - iii. both FE and HE have an admissions policy which details the procedure for both admissions and appeals against a decision not to offer a place to any applicant; there is a College-wide Learning Support Policy and a Disclosure and Confidentiality Policy for Learners with Disabilities and/or Learning Difficulties that sets out the processes we follow;
  - iv. the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities to build a learning support team of academics;
  - v. there are a number of learning support assistants who provide a variety of support for learning;
  - vi. there is a programme of staff development to ensure provision of appropriate student support; specialist training is provided for staff supporting learners specific to needs;
  - vii. specialist programmes are described in programme guides, achievements and destinations are recorded and published in the standard College format;
  - viii. mental health and wellbeing, counselling and welfare services are provided. Support services for students and staff are described on the website, during induction and via various publications in College;
  - ix. marketing materials, prospectuses and course materials for learners are available in a range of alternative formats on requests, such as braille, large print or in British sign language.

### Trade union facility time

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

Numbers of employees in the relevant year	859
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### Relevant Union Officials

Numbers of employees who were relevant union officials during the relevant period	Percentage of time	FTE employee number
16	4.05%	1.19
Total cost of facility time		£49.9k
Total pay bill		£27.4m
Percentage of total bill spent on facility time		1.8 %

## CORPORATION REPORT

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### Disclosure of information to auditors

73. The Corporation 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 21<sup>st</sup> January 2021 and signed on its behalf by

A handwritten signature in black ink that reads "C. Orange." with a horizontal line under the name.

Ms C. Orange  
Chair

# STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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## Statement of Corporate Governance

### Purpose

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

The Corporation recognises that, as a body entrusted with both public and private funds, it has a duty to observe the highest standards of corporate governance at all times. It is committed to exhibiting best practice in all aspects of corporate governance, conducting its business in accordance with:

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

The Corporation recognises that 2020 has been an exceptional year with the outbreak of Covid-19 and that Bradford College has risen to the challenges to continue to transform lives. College leaders and governors have adapted to the restrictions of the Covid-19 pandemic to deliver teaching and learning online and ensure the wellbeing of all students and staff.

### Compliance with the Code

Whilst not having adopted the UK Corporate Governance Code 2018, in the opinion of the Governors the College has due regard to its principles and guidance.

The Corporation takes full account and regularly reviews its compliance against The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in December 2015.

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 within these financial statements.

### External Assessment

The FE commissionaires report issued October 2020 rates Bradford College as a good college and that the College has made significant progress over the last year whilst managing the challenges of COVID-19. Governance is clear, effective, and impactful. Leadership is cohesive and the team speak with one voice. Student outcomes are demonstrating a 3-year improving trend and there is good progress in mathematics and english GCSE.

An interim Ofsted inspection occurred at the College 30 September 2020 to 1 October 2020, the visit had been planned earlier in the year but was delayed due to the Covid-19 pandemic. A positive interim inspection report has been published.

### Corporation Membership

During the year, the individuals named in the table below served as Governors on the Corporation:

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees, Boards, etc. served on	Attendance as a % of possible attendance between 01.08.19 and 31.07.20
Mrs C Orange (Chair)	21 Jan 2016	24 Oct 2019	4 yrs		Independent	<ul style="list-style-type: none"> <li>• Corporation Chair</li> <li>• Remuneration Committee</li> <li>• Search and Governance Committee (Chair)</li> <li>• Finance and General Purposes Committee</li> <li>• Quality and Standards Committee</li> </ul>	97%
Mr G Alvy	18 Oct 2018		4 yrs		Independent	Audit Committee (Chair)	70%
Mr P Birtles	18 Oct 2018		4 yrs		Independent	Remuneration Committee (chair)	90%
Mrs J Durrant	28 Sept 2017		4 yrs		Independent	<ul style="list-style-type: none"> <li>• Quality and Standards Committee (Chair)</li> <li>• Remuneration Committee</li> <li>• Search and Governance Committee</li> </ul>	79%
Miss S Elemgri	24 May 2015		4 yrs	17 July 2020	Student	Quality & Standards Committee	75%
Ms L Ho	1 July 2019		4 yrs		Independent	Finance and General Purposes Committee	90%
Ms A Kendal	19 Oct 2017		4 yrs		Independent	<ul style="list-style-type: none"> <li>• Remuneration Committee</li> <li>• Audit</li> </ul>	100%
Mr N B Khokhar	1 Jul 2019		4 yrs		Independent	Quality and Standards Committee	75%
Mr D Mann	5 Nov 2015		4 yrs	4 Nov 2019	Independent	Audit Committee	50%
Mr A Naylor	12 Dec 2019		4 yrs		Staff	Audit	50%



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Mr S Roberts	15 May 2018		4 yrs	On sabbatical from 29 Nov 2019	Independent	Audit Committee	100%
Ms D Rolls	5 Nov 2015		4 yrs	4 Nov 2019	Staff	Quality & Standards Committee	100%
Mr P Telemacque	29 March 2018		4 yrs		Staff		40%
Mr N Ward	18 Oct 2018		4 yrs		Independent	Finance & General Purposes Committee	83%
Mr C Webb	1 Mar 2019		Ex Officio		Chief Executive Officer	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes Committee</li> <li>• Quality &amp; Standards Committee</li> <li>• Search and Governance Committee</li> </ul>	100%
Mr R Woods	12 Dec 2019		4 yrs		Independent	Audit	38%
Mrs S West acted as interim Clerk to the Corporation until 30 April 2020 Mrs S McKenzie acted as Clerk to the Corporation from 1 May 2020							

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, safeguarding and personnel-related matters such as health and safety and environmental issues. The Corporation meets approx. six times a year. During the Covid-19 pandemic The Corporation have continued to meet through remote methods and have been fully briefed and involved with all Covid-19 related decisions pertaining to the welfare and business of the College staff and students.

The Corporation conducts its business through committees, each having its own terms of reference approved by the Corporation. The current standing committees are Audit; Finance and General Purposes; Quality and Standards; Remuneration and Search and Governance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at <https://www.bradfordcollege.ac.uk/help/knowledge-base/corporation-meeting-minutes/> or can be obtained from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of Governors' financial and personal interests. The register is also available for inspection from the Clerk to the Corporation.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element; that Group are completely independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. No individual or group dominates the Corporation's decision-making process. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

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### **Appointments to the Corporation**

All Governor appointments are made by the full Corporation, as required by the Instrument of Government. The Corporation's Search Committee, which consists of four members of the Corporation, is responsible for the selection and nomination of new Independent Governors 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, renewable for a maximum of two terms, except in exceptional circumstances or where undertaking a new and more senior role for example as Chair of a Committee, or as Chair or Vice-Chair of the Corporation. This arrangement is a deliberate deviation from the Code. The Corporation considers that due to the complexity of the business it is in and the value of corporate memory, it is in the College's interests to be able to retain experienced trustees for more than two terms in exceptional circumstances. However, prior to recommending the reappointment of any individual, the Search & Governance Committee will consider any other available candidates and select the most suitable. In view of the recommendations of the Nolan Committee and the College's values, the Search & Governance Committee will take particular care to ensure that any decision to reappoint is justified.

### **Corporation performance**

The Corporation carried out a self-assessment of its own performance in January 2019.

### **College Performance**

The College have a robust Business Planning round in place to enable the delivery of the strategic plan and to deliver a sustainable college. The bank continues to be supportive and has issued two covenant waivers in the year to July 2020. The College forecast four covenant breaches in 2020/21 and have a waiver granted for the October 20 and January 2021 breaches. The bank cannot give waivers in advance of the forecast April and July 2021 breaches, however the bank have indicated that these waivers are likely to be granted. The College have healthy cash holdings at circa. £10m and are working towards a reset of the bank covenants in 2021.

### **Standing Committees of the Corporation**

#### **Search Committee**

The Search Committee, which includes in its membership the Group Chief Executive (who is a Governor) and the Chair of the Corporation, considers applications for appointment to the Corporation. The Committee ensures that an appropriate range of skills and expertise is maintained on the board, including a programme of Governor training; and that there is effective succession planning. It closely monitors Governor attendance and operates a number of controls for the same, to ensure high levels of commitment are demonstrated and to mitigate the risk of ineffective governance where a majority of Governors are not fully briefed and up to date. The Committee also reviews the annual performance of the Corporation and advises the full board on the adequacy of its governance arrangements.

#### **Remuneration Committee**

The Remuneration Committee oversees the appraisal and performance management arrangements for the Group Chief Executive Officer, the Clerk and other senior post holders as defined in Standing Orders. It also makes recommendations to the Corporation in respect of their remuneration, in accordance with the AoC's code for remuneration of senior staff, and based on College performance, sector benchmarking and the achievement of individual objectives. Throughout the year the Committee had four members, all independent governors.

The Corporation has adopted the AoC's code for remuneration of senior staff.

Details of payments for the year ended 31 July 2020 are set out in note 8 of the notes to the Financial Statements.

#### **Audit Committee**

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management.

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

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The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

### **Audit Committee (Continued)**

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

### **Finance and General Purposes Committee**

The Finance and Resources Committee considers and advises the Corporation on all aspects of the Corporation's finances and resources, inclusive of financial policies, controls and strategy. It meets twice termly. Its membership includes the Chair of the Corporation and the Chief Executive Officer.

### **Quality and Standards Committee**

The Quality and Standards Committee ensures the College's curriculum offering is of a high calibre and reflects current practice and pedagogy in the sector. Its membership includes governors with relevant experience in the education sector especially within FE and HE.

### **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 Chief Executive Officer, 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Bradford College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bradford College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

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

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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### *Internal Audit Reviews*

The College has an outsourced internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the Corporation 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.

During the year to July 2020, 11 internal audits took place. The internal audits targeted areas where complexities existed with a view to targeting improvements in internal control.

Health and Safety and H&S follow up	IT Systems
Risk Management	Learner Numbers
Human Resources	Governance-Succession Planning
Procurement	Payroll, Expenses, Credit Cards
Subsidiary Companies Overall Financial Control	Follow up Review

Nine of the audits resulted in strong or substantive conclusions. A rating of weak was received for Procurement. The Procurement internal audit was concluded in September 2020 with 1 high recommendation, this recommendation has been addressed. Human Resources internal audit concluded with no assurance, this has been disappointing with 11 high recommendations, an action plan was put in place, with a program of regular updates from the Director of HR to audit committee. A subsequent audit of HR has been concluded in December 2020 and reviewed as substantive.

Management Responses to bring about the improvements have given assurance to the Audit Committee that these areas of weakness have been addressed. Immediate action was taken to implement change and address the issues that led to the weak and no assurance conclusions. Regular monitoring and reporting back to Corporation through Audit Committee is in place to give confidence that change has been driven forward which will result in best practice throughout the College.

### *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 have effective internal controls in place. The specific areas of work undertaken by the audit committee in 2019/20 and up to the date of the approval of the financial statements are:

### *Review of effectiveness*

As Accounting Officer, the Chief Executive Officer 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, the reporting accountant for regularity assurance, the appointed funding auditors (for Colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of 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.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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### *Review of effectiveness (continued)*

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation has carried out the annual assessment for the year ended 31 July 2020 at its meeting on 17th December 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

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

**Approved by order of the members of the Corporation on 21<sup>st</sup> January 2021 and signed on its behalf by**



**Ms C. Orange**  
Chair

**Mr Chris Webb**  
Chief Executive Officer

## **CORPORATIONS' STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING**

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

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



**Ms C. Orange**  
Chair



**Mr Chris Webb**  
Chief Executive Officer

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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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 Corporations' grant funding agreements and contracts with the ESFA and any relevant funding bodies, 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 give a true and fair view of the state of affairs of the Corporation and its surplus or deficit of income over expenditure for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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;
- 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 and Higher Education Act 1992 and Charities Act 2011 and relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard its assets and to prevent and detect fraud and other irregularities.

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

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

**Approved by order of the members of the Corporation and signed on its behalf by**



**Ms C. Orange**  
Chair

# INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE

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## Opinion

We have audited the financial statements of Bradford College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the consolidated and College statements of comprehensive income, the consolidated and College balance sheets, the consolidated and College statements of changes in reserves, the 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 United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## Basis for opinion

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

## Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the College has breached a loan covenant in October 2020 and is forecasting covenant breaches at each quarter end to January 2022. The College has received covenant waiver letters from its Bankers for October 2020 and January 2021, however the College's Bankers will not commit to waiver letters in advance of the forecasted breaches for the period from April 2021 to January 2022. The College is working with their Bankers with the aim to reset the covenants in 2021 to make the loan covenants achievable.

As stated in note 1, these events or conditions, along with the other matters as set out in note 1, indicate that a material uncertainty exists which may cast significant doubt about the Group and College's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.



## **INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE (CONTINUED)**

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

In our opinion, in all material respects:

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

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

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

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

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

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

### **Responsibilities of the Corporation of Bradford College**

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 22, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

## INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF BRADFORD COLLEGE (CONTINUED)

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

### Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 26 October 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

**RSM UK AUDIT LLP**  
Chartered Accountants  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

Date

22/1/2021 |

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**CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2020**

	Note	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
<b>INCOME</b>					
Funding body grants	2	31,299	31,299	52,319	52,319
Tuition fees and education contracts	3	12,294	12,294	14,415	14,415
Other grants and contracts	4	427	402	707	707
Other income	5	405	310	13,572	13,354
Investment income	6	43	42	46	44
<b>Total income</b>		<b>44,468</b>	<b>44,347</b>	81,059	80,839
<b>EXPENDITURE</b>					
Staff costs	8	28,022	26,943	31,439	28,577
Restructuring costs	8	207	134	2,840	2,659
Other operating expenses	9	15,140	15,593	17,213	19,978
Depreciation	12	3,030	2,948	3,375	3,295
Impairment of investments	13	-	399	-	-
Interest and other finance costs	10	1,546	1,546	8,199	8,199
<b>Total expenditure</b>		<b>47,945</b>	<b>47,563</b>	63,066	62,708
<b>(Deficit)/surplus before other gains and losses and share of surplus in joint ventures</b>		<b>(3,477)</b>	<b>(3,216)</b>	17,993	18,131
Loss on disposal of tangible fixed assets	12	(35)	(35)	(8)	-
Share of operating (deficit)/surplus in joint venture		(44)	-	32	-
Impairment of investment		-	-	-	(10)
<b>(Deficit)/surplus before tax</b>		<b>(3,556)</b>	<b>(3,251)</b>	18,017	18,121
Taxation	11	-	-	-	-
<b>(Deficit)/surplus for the year</b>		<b>(3,556)</b>	<b>(3,251)</b>	18,017	18,121
Re-measurement of net defined benefit pensions liability	25	(19,121)	(19,121)	(18,469)	(18,469)
Actuarial loss in respect of enhanced pensions	19	(85)	(85)	-	-
Other changes		-	-	(21)	(21)
<b>Other comprehensive income for the year</b>		<b>(19,206)</b>	<b>(19,206)</b>	(18,490)	(18,490)
<b>Total comprehensive income for the year</b>		<b>(22,762)</b>	<b>(22,457)</b>	(473)	(369)
<b>Attributable to the College Corporation</b>		<b>(22,762)</b>	<b>(22,457)</b>	(473)	(369)

## CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2020

	Restricted Reserves		Attributable to College Corporation	
	Endowment fund	Income and expenditure account	Revaluation reserve	Total reserve
	£'000	£'000	£'000	£'000
<b>GROUP</b>				
<b>Balance at 1 August 2018</b>	<b>124</b>	<b>18,115</b>	<b>6,041</b>	<b>24,280</b>
Surplus for the year	-	18,017	-	18,017
Other comprehensive income	-	(18,469)	(21)	(18,490)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(452)</b>	<b>(21)</b>	<b>(473)</b>
<b>Balance at 31 July 2019</b>	<b>124</b>	<b>17,663</b>	<b>6,020</b>	<b>23,807</b>
Deficit for the year	-	(3,556)	-	(3,556)
Other comprehensive income	-	(19,206)	-	(19,206)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(22,762)</b>	<b>-</b>	<b>(22,762)</b>
<b>Balance at 31 July 2020</b>	<b>124</b>	<b>(5,099)</b>	<b>6,020</b>	<b>1,045</b>
<b>COLLEGE</b>				
<b>Balance at 1 August 2018</b>	<b>124</b>	<b>17,324</b>	<b>6,041</b>	<b>23,489</b>
Surplus for the year	-	18,121	-	18,121
Other comprehensive income	-	(18,469)	(21)	(18,490)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(348)</b>	<b>(21)</b>	<b>(369)</b>
<b>Balance at 31 July 2019</b>	<b>124</b>	<b>16,976</b>	<b>6,020</b>	<b>23,120</b>
Deficit for the year	-	(3,251)	-	(3,251)
Other comprehensive income	-	(19,206)	-	(19,206)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(22,457)</b>	<b>-</b>	<b>(22,457)</b>
<b>Balance at 31 July 2020</b>	<b>124</b>	<b>(5,481)</b>	<b>6,020</b>	<b>663</b>

**CONSOLIDATED AND COLLEGE BALANCE SHEETS  
FOR THE YEAR ENDED 31 JULY 2020**

		<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>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Tangible Fixed assets	12	<b>78,574</b>	<b>77,739</b>	77,239	76,339
Investments	13	<b>127</b>	<b>256</b>	125	653
Investments in joint venture		<b>73</b>	-	116	-
<b>Total fixed assets</b>		<b>78,774</b>	<b>77,995</b>	<b>77,480</b>	<b>76,992</b>
<b>Current assets</b>					
Stocks		<b>237</b>	<b>237</b>	45	44
Trade and other receivables	14	<b>1,731</b>	<b>2,018</b>	2,241	1,712
Assets held for resale	15	-	-	3,353	3,353
Cash at bank and in hand	20b	<b>10,219</b>	<b>10,121</b>	8,598	8,489
<b>Total current assets</b>		<b>12,187</b>	<b>12,376</b>	<b>14,237</b>	<b>13,598</b>
<b>Current liabilities</b>					
Creditors – amounts falling due within one year	16	<b>7,344</b>	<b>7,136</b>	7,081	6,641
<b>Net current assets</b>		<b>4,843</b>	<b>5,240</b>	<b>7,156</b>	<b>6,957</b>
<b>Total assets less current liabilities</b>		<b>83,617</b>	<b>83,235</b>	<b>84,636</b>	<b>83,949</b>
Creditors – amounts falling due after more than one year	17	<b>20,064</b>	<b>20,064</b>	20,277	20,277
<b>Provisions for liabilities</b>					
Defined benefit pension scheme	19	<b>62,194</b>	<b>62,194</b>	40,315	40,315
Other provisions	19	<b>314</b>	<b>314</b>	237	237
<b>Total net assets</b>		<b>1,045</b>	<b>663</b>	<b>23,807</b>	<b>23,120</b>
<b>Reserves</b>					
<b>Restricted reserves</b>					
Endowment fund		<b>124</b>	<b>124</b>	124	124
<b>Unrestricted Reserves</b>					
Income and expenditure account		<b>(5,099)</b>	<b>(5,481)</b>	17,663	16,976
Revaluation reserve		<b>6,020</b>	<b>6,020</b>	6,020	6,020
Attributable to the College Corporation		<b>921</b>	<b>539</b>	23,683	22,996
<b>Total reserves</b>		<b>1,045</b>	<b>663</b>	<b>23,807</b>	<b>23,120</b>

The financial statements were approved and authorised for issue by the Corporation on 21 January 2021 and were signed on its behalf on that date by:



Ms C. Orange  
Chair



Mr C Webb  
Accounting Officer

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
<b>Operating activities</b>			
Cash generated from operations		3,336	5,652
Taxation paid		-	-
<b>Net cash from operating activities</b>	20a	<b>3,336</b>	5,652
Gift Aid received from joint ventures		-	107
Interest received		43	46
Purchase of tangible fixed assets		(1,046)	(2,595)
		<b>(1,003)</b>	(2,442)
<b>Financing Activities</b>			
Interest paid		(691)	(1,831)
Repayment of obligations under finance leases		(20)	-
		<b>(711)</b>	(1,831)
<b>Increase in cash and cash equivalents in the year</b>		<b>1,622</b>	1,379
<b>Cash and cash equivalents at beginning of the year</b>	20b	<b>8,598</b>	7,219
<b>Cash and cash equivalents at end of the year</b>	20b	<b>10,219</b>	8,598

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# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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## 1. ACCOUNTING POLICIES

### General information

Bradford College is a corporation established under the Further and Higher Education Act 1992 as an English general College of further education. The address of the College's principal place of business is Bradford College, Great Horton Road, Bradford, West Yorkshire, BD7 1AY.

### Basis of accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (the FE HE SORP) the College Accounts Direction for 2019 to 2020, and the Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these consolidated and separated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

### Reduced disclosures

In accordance with the 2019 FE HE SORP and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Training for Bradford Limited and Beacon Recruitment and Placement Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. Joint Venture entities are accounted for using the equity method. The investment is initially measured at cost and is subsequently adjusted to reflect the College's share of the profit or loss and equity.

### Going concern

The College have loans of £20 million, the loan repayments schedule are set out in note 18 of these accounts, however where building sales go through repayment of £2 million of the loans becomes immediately repayable, these sales were anticipated during the year 2019/20 but did not go through, however the College are able to make a repayment of the £2m bank loan from cash reserves should these been deemed appropriate. The College also breached its bank covenants at 31 July 2020 and 31 October 2020. In both instances, the College's bankers issued a waiver letter. The College has a strong working relationship with its bankers and the ESFA, following the completion of the Fresh Start restructure in March 2019. Further breaches of the bank covenant have been forecast for January, April and July 2021. The bank have granted a waiver for January 2021, and have indicated that it is likely that waivers will be granted for the April and July 2021 breaches. A reset of the bank covenants is being worked on for 2021. A balanced budget for 2020/21, together with cashflow projections through to July 2023 which demonstrate that, taking into account potential changes in funding and cost base as a result of the ongoing COVID-19 pandemic, the Group and College can meet its working capital and debt obligations as they

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 1. ACCOUNTING POLICIES (CONTINUED)

fall due. The College planned closure of the two Group companies is on target for 2020/21. The College annual robust business planning rounds will achieve a sustainable College going forward. By focusing on financially viable business planning forecasts over a rolling three-year program, ensuring focus on delivery of key performance indicators, taking a fresh look at markets and curriculum delivery to meet today's needs, and delivering investment that makes an impact.

The Covid-19 pandemic has strengthened the Group and College's ability to deliver a flexible working environment for both staff and students through the implementation of remote working and curriculum delivery.

Financial support has been sought as appropriate through the government furlough scheme and deferral of tax payments. However the current cash holding means that application for Government support related to Covid-19 Provider Relief Scheme were not successful. A redundancy programme was put in place that has seen a reduction in staff costs from the start of the new financial year 2020/21. The support received during the Covid-19 pandemic helped the College maintain an acceptable level of cash reserves, the position will be reviewed during the coming months, however the Governors feel through careful monitoring and planning the future sustainability of the financial position of the College will be maintained. The Group introduced a number of efficiencies during the year. These fall under the following five headings:

- Streamlined management and optimised the use of different workforce contract types.
- Reviewed curriculum delivery.
- Review of subcontracting provision.
- Review of subsidiary structures, with some planned closures going ahead.
- Support function review.

The impact of the COVID-19 pandemic has had a detrimental effect upon income, particularly related to delivery of apprenticeships where retention linked to job losses and difficulty in linking apprentices to work placements has had an impact and continues to give uncertainty for apprenticeship delivery. The review has begun from May 2020 with the imminent closure of associated company operations to bring back in house and amalgamate the cost base.

The College financial forecasts to July 2023 show that reductions in income will be controlled with strong cost control, this along with good current cash levels gives assurance that the college continues to be a going concern. On this basis, the Governors are satisfied that the Group and College remains a going concern and therefore adopt the going concern basis of accounting, whilst being mindful that the inability for the Group and College to meet the bank covenants during 2020/21 (which will be closely monitored) does give rise to a material uncertainty which may cast significant doubt on the Group and College's ability to continue as a going concern.

### Recognition of income

#### Grants – government and non-government

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the year in which the related costs for which the grant compensates are recognised.

Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the College and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

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

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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## 1. ACCOUNTING POLICIES (CONTINUED)

Government capital grants for assets are accounted for under the performance model. The grant income received or receivable is recognised in full in profit or loss in the year in which the performance criteria related to the grant are met. Where the performance criteria relating to the grant are not met in the year in which the grant is received, the grant is not recognised in profit or loss.

### **Tuitions fee Income**

Invoices are raised against courses where a fee is due from the student and recognised in the accounts in the year of study. The student applies where applicable for student finance or advanced learner loan to cover the fees. The fee invoice will be cleared by the Student Loan Company on behalf of the student or the student themselves as applicable.

### **Workbased Learning Fees**

ESFA funding from the Adult Education Budget to support learning in the workplace combined with learning in the classroom. Income is recognised in the period of study.

### **Educational Contracts**

Other educational contracts awarded to the College Group, funded by public and/or private sector partners. Income is recognised in line with stage of completion of the contract.

### **Apprenticeship Income**

Fees received through the ESFA and recognised in the period of study. The retention fee of 20% is recognised when received.

### **Other income**

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees is recognised over the period for which it is received.

All income from short-term deposits is accrued in the year in which it is earned on a receivable basis.

### **Restructuring Costs**

The cost of redundancy is calculated either in accordance with contractual terms or statutory provisions and a cost is recognised when the Group has a detailed formal plan for restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring. The relevant statutory provisions are based on the employee's age, length of continuous employment and either the statutory figure or actual weekly pay. Considerations will be given to the relevant provisions of the Local Government and Teacher's Pension Schemes.

### **Retirement benefits**

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the West Yorkshire Pension Fund (WYPF), which are multi-employer defined benefit plans.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, where the amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The WYPF is a funded scheme, and the assets of the scheme are held separately. Pension scheme plan assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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## 1. ACCOUNTING POLICIES (CONTINUED)

benefit liability is included in operating surplus and recognised within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

### 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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the year the employees' services are rendered.

### 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 comprehensive income in the year that the member of staff retires. In subsequent years the provision is re-measured, and a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the association of colleges.

### Fixed asset investments

#### *College*

Interests in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

Interests in subsidiaries and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

#### *Group*

#### *Jointly controlled entities*

Entities in which the Group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method. The investment is initially measured at cost and subsequently adjusted to reflect the College's share of the profit or loss and equity.

#### *Other investments and endowment assets*

Listed investments or endowment assets are stated at fair value through the profit or loss. Investments comprising unquoted equity instruments whose fair values cannot be measured reliably are measure at cost less impairment. The income from the sale of investments is recognised as the sale is completed and any profit arising disclosed in the Statement of Comprehensive Income.

### Tangible fixed assets

Tangible fixed assets are stated at cost or where inherited at deemed cost less accumulated depreciation and accumulated impairment losses.

#### *Land and buildings*

Land and buildings are stated at cost, or deemed cost, for land held at valuation at the date of transition to FRS102 less accumulated impairment losses. Any impairment will be taken into the Income and Expenditure account at this point. Any loss or surplus as a result of the sale of a current asset will be taken into the Income and Expenditure account at the point of sale.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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## 1. ACCOUNTING POLICIES (CONTINUED)

### *Properties under construction*

Properties in the course of construction are accounted for at cost less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to operating condition. They are not depreciated until they are brought into use.

### *Equipment*

Equipment costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the year of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

### *Depreciation and residual values*

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight-line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

- Freehold buildings - between 10 and 50 years
- Major adoptions to buildings - 25 years
- Furniture and equipment - 20% per year – Straight Line Method
- Motor vehicles - 25% per year – Straight Line Method
- Fixtures and fittings - 10% per year – Straight Line Method
- Computer equipment - 25% per year – Straight Line Method

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

### **Impairments of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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## 1. ACCOUNTING POLICIES (CONTINUED)

### Leased assets

#### *Finance leased assets*

Leasing agreements which transfer to the College substantially all the benefits and risks and rewards incidental to 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 as determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset and assessed for impairment losses in the same way as owned assets.

#### *Operating leases*

All leases are operating leases and annual rents are charged to comprehensive income on a straight-line basis over the lease term.

### Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

#### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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## 1. ACCOUNTING POLICIES (CONTINUED)

### 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 charity 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 around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Training for Bradford Limited and Beacon Recruitment and Placement Services Limited are subject to both corporation tax and to VAT in the same way as any commercial organisation.

### Provisions and contingent liabilities

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

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 that reflects the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the year 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 reliably measured.

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

### Unrestricted reserves

#### *Income and expenditure reserve*

Cumulative surplus/deficit generated by the Group.

#### *Revaluation reserve*

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

### Agency arrangements

The College acts as an agent in distributing discretionary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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## 1. ACCOUNTING POLICIES (CONTINUED)

### CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION OF UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical areas of judgement*

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

- In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group and College as lessee.

Critical accounting estimates and assumptions:

- **Tangible fixed assets**  
Tangible fixed assets 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, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.
  - **West Yorkshire Pension Fund**  
The present value of the West Yorkshire Pension Fund 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 25, 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 2019 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.
  - **Impairment of fixed assets**  
The Group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. There was no indication of impairment in current year.
- Recoverability of trade and other debtors
- The Group and College makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile and historical experience of the customer. The Covid-19 pandemic has no effect on our anticipation for recovery of outstanding debt.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 2. FUNDING BODY GRANTS

Detail of grant income:	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
<b>Recurrent Grants</b>				
Education and Skills Funding Agency - Adult	8,095	8,095	8,941	8,941
Education and Skills Funding Agency – 16-18	17,324	17,324	20,744	20,744
Apprenticeship contracts	3,523	3,523	3,272	3,272
Office for Students	134	134	128	128
<b>Specific Grants</b>				
Education and Skills Funding Agency – Exceptional Financial Support	-	-	17,838	17,838
Teachers Pension Scheme contribution grant	983	983	-	-
Office for Students revenue grants	765	765	975	975
DfE grants	475	475	421	421
<b>Total</b>	<b>31,299</b>	<b>31,299</b>	<b>52,319</b>	<b>52,319</b>

The Education and Skills Funding Agency (non-recurrent grant) – Adult funding includes in Community Learning funds of £956k for 2020 (2019: £956k).

Exceptional Financial Support recognised in 2019 relates to grants received from the ESFA to meet immediate cash needs (£4.866m) in addition to ESFA debt forgiveness of £12.972m, which is disclosed within other income. In the comparative period this amount was disclosed within other income.

The comparative information presented for Group and College has been restated to include apprenticeship contract income in line with the requirements of the FE HE SORP. These amounts were previously offset against other operating expenses.

### 3. TUITION FEES AND EDUCATION CONTRACTS

Details of fee income:	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
<b>Tuition Fees</b>				
UK higher education students	7,627	7,627	8,710	8,710
Trainee Teachers	2,923	2,923	3,154	3,154
UK and EU further education students	1,714	1,714	1,508	1,508
Work based learning fees	-	-	908	908
Education contracts	30	30	135	135
<b>Total</b>	<b>12,294</b>	<b>12,294</b>	<b>14,415</b>	<b>14,415</b>

#### Details of grant and fee income

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Grant income from the Office for Students	899	1,103
Grant income from other bodies	30,400	51,216
Fees income for taught awards (exclusive of VAT)	12,294	14,415
Fee income for research awards (exclusive of VAT)	-	-
Fee income for non-qualifying courses	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

Total grant and fee income	<u>43,593</u>	<u>66,734</u>
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#### 4. OTHER GRANTS AND CONTRACTS

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Other grants and contracts	376	376	707	707
Coronavirus Job Retention Scheme Grant	51	26	-	-
<b>Total</b>	<u>427</u>	<u>402</u>	<u>707</u>	<u>707</u>

The corporation applied to the furlough scheme for invigilators and some Training for Bradford staff, under the government's Coronavirus Job Retention Scheme. The Group funding received of £51k relates to staff costs which are included within the staff costs note as appropriate.

#### 5. OTHER INCOME

	Group £'000	College £'000	Group £'000	College £'000
Other income generating activities	24	24	24	24
Finance Income	-	-	12,972	12,972
Miscellaneous income	381	286	576	358
<b>Total</b>	<u>405</u>	<u>310</u>	<u>13,572</u>	<u>13,354</u>

Finance income recognised in 2019 relates to Lloyds bank matched debt forgiveness of £12.972m.

#### 6. INVESTMENT INCOME

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	43	42	46	44
<b>Total</b>	<u>43</u>	<u>42</u>	<u>46</u>	<u>44</u>

#### 7. DONATIONS

No donations were received in year or prior year.

#### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE

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

	2020		2019	
	Group No.	College No.	Group No.	College No.
Teaching staff	460	409	532	464
Non-teaching staff	399	370	362	324
<b>Total</b>	<u>859</u>	<u>779</u>	<u>894</u>	<u>788</u>

Previously staff numbers have been disclosed as full time equivalents. In accordance with the Accounts Direction 2019 to 2020, staff numbers are disclosed on an average headcount basis. Comparatives have been restated to reflect this change.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE (CONTINUED)

#### Staff costs for the above persons

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Wages and salaries	20,176	18,236	23,432	20,877
Social security costs	1,881	1,709	2,314	2,103
Other pension costs	5,377	5,291	5,453	5,357
Apprenticeship Levy	-	-	240	240
<b>Payroll sub-total</b>	<b>27,434</b>	<b>25,236</b>	31,439	28,577
Contracted out staffing services	588	1,707	-	-
	<b>28,022</b>	<b>26,943</b>	31,439	28,577
Restructuring costs - Contractual	169	104	2,840	2,659
Restructuring costs – Non-Contractual	38	30	-	-
<b>Total staff costs</b>	<b>28,229</b>	<b>27,077</b>	34,279	31,236

Restructuring costs are as approved at Corporation.

Salary sacrifice schemes in operation during 2019/20 include childcare voucher scheme and cycle to work scheme.

#### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team, which comprised the Chief Executive Officer, Deputy Chief Executive Officer, Vice Principal – Quality and Student Experience, Vice Principal – Curriculum and Development and the Director of People Services.

The emoluments of the KMP and the AO, are considered by the Remuneration Committee, who make recommendations to The Corporation for the approval of KMP and AO emoluments in line with the AoCs Colleges Senior Post Holder Remuneration Code.

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

	2020 No.	2019 No.
The number of key management personnel including Accounting Officer was:	<u>6</u>	<u>9</u>

The numbers of key management personnel were slightly lower in 2020 than 2019 due to the post holders being in post for the full year with no changes. The 2019 number is reflective of changes within the same post during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE (CONTINUED)

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.
£60,001 to £65,000 p.a.	-	-	4	3
£65,001 to £70,000 p.a.	1	-	5	6
£70,001 to £75,000 p.a.	-	-	1	2
£75,001 to £80,000 p.a.	-	-	1	1
£80,001 to £85,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	1	2	-	-
£90,001 to £95,000 p.a.	-	1	-	-
£95,001 to £100,000 p.a.	2	-	-	-
£100,001 to £105,000 p.a.	-	-	-	-
£105,001 to £110,000 p.a.	-	-	-	-
£110,001 to £115,000 p.a.	1	3	-	-
£115,001 to £120,000 p.a.	-	-	-	-
£120,001 to £125,000 p.a.	-	1	-	-
£125,001 to £130,000 p.a.	-	-	-	-
£135,001 to £140,000 p.a.	-	-	-	-
£140,001 to £145,000 p.a.	-	-	-	-
£145,001 to £150,000 p.a.	-	-	-	-
£150,001 to £160,000 p.a.	-	-	-	-
£160,001 to £165,000 p.a.	1	1	-	-
	<b>6</b>	<b>9</b>	<b>11</b>	<b>12</b>

All key personnel during the year 2019-20 were full time, where key personnel are part-time these are grossed up to full time equivalent and staff on maternity, paternity of sickness leave are expressed at their usual rate of pay.

Key management personnel (Including the Accounting Officer) total compensation is made up as follows:-

	2020 £'000	2019 £'000
Salaries – gross of salary sacrifice	639	486
Benefits in kind	-	-
Employers National insurance	81	62
	<b>720</b>	<b>548</b>
Employers pension contributions	114	62
<b>Total Emoluments</b>	<b>834</b>	<b>610</b>

2018/19 covered part years as the Executive Team where not fully in place. 2019/20 reflects a full year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION – GROUP AND COLLEGE (CONTINUED)

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

	2020 £'000	2019 £'000
Salaries – gross of salary sacrifice	165	141
Benefits in kind	22	18
	<b>187</b>	<b>159</b>
Employers pension contributions	38	22
<b>Total Emoluments</b>	<b>225</b>	<b>181</b>

#### Relationship of Chief Executive Officer pay and remuneration expressed as a multiple:

	2020	2019
CEO's basic salary as a multiple of the median of all staff	4.61	4.61
CEO's total remuneration as a multiple of the median of all staff	4.61	4.34

C Webb held office of the Chief Executive Officer for the full year of 2019-20.

#### The multiple is expressed against employee full time equivalent hours:

The remuneration package of Key management staff, including Chief Executive Officer, is subject to annual review by the Remuneration Committee of the Corporation, who set the appropriate remuneration in line with AoC's Senior Staff Remuneration Code in July 2019, based on effectiveness of the senior post holders. The Committee terms of reference are tasked with avoiding rewarding poor performance. Benchmarking information is referenced to provide objective guidance.

The Executive Team reports to the Chair of Board, who undertakes an annual review of their performance against the college's overall objectives using both qualitative and quantitative measures of performance.

There was no severance payment's approved by the College's Remuneration Committee in year any redundancy payments were due to restructure.

The Chief Executive Officer's basic salary is 4.61 (4.56 in 2019 refers to three split terms for the CEO post) times the median total remuneration of staff, where the median total remuneration is calculated on a full time equivalent basis for the total remuneration by the College to its staff.

The College's operating context and performance in 2019-20 are described in detail elsewhere in these financial statements. The Chief Executive Officer's remuneration is set in the context of a college with a turnover of £43.7m with operating deficit of (£3.6m) before other gains and losses. The College operates in an increasingly competitive student recruitment environment, linked to demographic factors and changes in government policy. Major risks include rising competition in the local area, financial sustainability and rising pension's costs. In 2019-20 the College has been impacted by the COVID-19 pandemic a recovery programme to strengthening academic and financial sustainability is being formulated. There are significant challenges in both the FE and HE sectors in England in the year ahead.

#### Governors' remuneration

The Accounting Officer and the governor staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors.

During the year three governors (2019: five governors) were paid total expenses of £1,235 (2019: £2,156) in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 9. OTHER OPERATING EXPENSES

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	3,860	6,624	4,690	8,509
Non-teaching costs	6,660	4,349	7,365	6,311
Premises costs	4,620	4,620	5,088	5,088
HE Bursaries paid	-	-	70	70
<b>Total</b>	<b>15,140</b>	<b>15,593</b>	<b>17,213</b>	<b>19,978</b>

The comparative information presented for Group and College has been restated to include apprenticeship subcontract costs in line with the requirements of the FE HE SORP. These amounts were previously offset by apprenticeship income.

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
<b>Deficit before tax after charging/(crediting):</b>				
<b>External auditors' remuneration:</b>				
Financial statements audit	93	59	69	50
Other services provided by the financial statements auditors:				
Assurance services	4	4	4	4
Other services	14	14		
<b>Internal auditors' remuneration:</b>				
Internal audit work	44	44	63	63
Other services provided by the internal auditor	-	-	12	12
<b>Loss on disposal of tangible fixed assets</b>	<b>(35)</b>	<b>(35)</b>	<b>(9)</b>	<b>-</b>
<b>Impairment of investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>
<b>Operating lease rentals</b>	<b>327</b>	<b>327</b>	<b>342</b>	<b>342</b>

	2020 £'000	2019 £'000
Access and participation plans spending		
Access Investment	371	286
Financial Support for Students	104	168
Disability support	330	329
Research and Evaluation	2	2
	<b>807</b>	<b>785</b>

### 10. INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

	2020 £'000	2019 £'000
Bank loans, overdrafts and other loans	691	7,630
Finance leases	21	58
Net interest on defined pension liability (note 25)	834	511
<b>Total</b>	<b>1,546</b>	<b>8,199</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 11. TAXATION - GROUP

Tax expense included in Statement of Comprehensive Income

	2020 £'000	2019 £'000
United Kingdom corporation tax at 19% (2019: 19%)	-	-
Provision for deferred corporation tax	-	-
<b>Total tax payable</b>	<b>-</b>	<b>-</b>

### 12. TANGIBLE ASSETS GROUP

	Land and buildings £'000	Fixtures, Computers & Equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2019	93,686	12,632	106,318
Additions	11	1,035	1,046
Reclassified from held for resale	3,353	-	3,353
Disposals	-	(40)	(40)
<b>At 31 July 2020</b>	<b>97,050</b>	<b>13,627</b>	<b>110,677</b>
<b>Accumulated Depreciation</b>			
At 1 August 2019	19,328	9,751	29,079
Charge for the year	1,898	1,132	3,030
Elimination in respect of disposals	-	(6)	(6)
<b>At 31 July 2020</b>	<b>21,226</b>	<b>10,877</b>	<b>32,103</b>
<b>Carrying amount</b>			
<b>At 31 July 2020</b>	<b>75,824</b>	<b>2,750</b>	<b>78,574</b>
At 31 July 2019	74,358	2,881	77,239

Capital additions in 19/20 amounted to £1.046m, capital grant funding of £134k was received in the year to support these additions, giving a net position of £912k.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**12. TANGIBLE ASSETS (CONTINUED)**

**COLLEGE**

	Land and buildings	Fixtures, Computers & Equipment	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2019	91,814	12,090	103,904
Additions	-	1,030	1,030
Reclassified from held for resale	3,353	-	3,353
Disposals	-	(40)	(40)
<b>At 31 July 2020</b>	<b>95,167</b>	<b>13,080</b>	<b>108,247</b>
<b>Accumulated Depreciation and Impairment</b>			
At 1 August 2019	18,163	9,402	27,565
Charge for the year	1,865	1,083	2,948
Elimination on disposal	-	(5)	(5)
<b>At 31 July 2020</b>	<b>20,028</b>	<b>10,480</b>	<b>30,508</b>
<b>Carrying amount</b>			
<b>At 31 July 2020</b>	<b>75,139</b>	<b>2,600</b>	<b>77,739</b>
At 31 July 2019	73,651	2,688	76,339

The net book value of Land and Buildings includes an amount of £250,000 (2019: £250,000) in respect of an asset held under finance lease. The depreciation charge on the asset for the year was £nil (2019: £nil).

Fixed assets had not been revalued therefore it is being deemed as cost on transition and have been included at the following historical cost amounts:

	£'000
Cost	250
Aggregate depreciation based on cost	-
<b>Net book value based on cost</b>	<b>250</b>

**13. NON-CURRENT INVESTMENTS**

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Investments in subsidiary companies	-	129	-	528
Other non- current asset investments	127	127	125	125
<b>Total</b>	<b>127</b>	<b>256</b>	125	653



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**13. NON-CURRENT INVESTMENTS (CONTINUED)**

**College**

	Subsidiaries £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 August 2019	528	125	653
Other movements	-	2	2
<b>At 31 July 2020</b>	<b>528</b>	<b>127</b>	<b>655</b>
<b>Provisions for impairment</b>			
At 1 August 2019	-	-	-
Impairment losses	399	-	399
<b>At 31 July 2020</b>	<b>399</b>	<b>-</b>	<b>399</b>
<b>Carrying amount</b>			
<b>At 31 July 2020</b>	<b>129</b>	<b>127</b>	<b>256</b>
At 31 July 2019	527	125	652

The carrying value of the College's investment in its subsidiary companies has been impaired in the year to 31 July 2020. The impairment charge of £399,000 (2019: £nil) represents management's change in the assessment of the recoverable value of assets in the College's subsidiary companies and has been charged to the Statement of Comprehensive Income.

The College's subsidiary undertakings are:

<b>Name of undertaking</b>	<b>Class of shareholding</b>	<b>Proportion of nominal value held directly</b>	<b>Nature of business</b>
Training for Bradford Limited	Limited by guarantee	Sole ownership	Administration and supervision of training
Beacon Recruitment and Placement Services Limited	Ordinary	100%	Recruitment and placement of temporary and permanent staff

The Corporation believes that the carrying value of the investments is supported by their underlying net assets.

The College's joint venture undertakings are:

<b>Name of undertaking</b>	<b>Class of shareholding</b>	<b>Proportion of nominal value held directly</b>	<b>Nature of business</b>
Inprint and Design	Limited	50%	Printing
Bradford District Apprenticeship Training Limited	Limited by guarantee	50%	Apprenticeship Training

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**14. DEBTORS AND OTHER RECEIVABLES**

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade receivables	426	405	785	640
Amounts owed by group undertakings:				
Subsidiary undertakings	-	402	-	9
Associate undertakings	42	42	66	66
Prepayments and accrued income	804	710	1,016	623
Amounts owed by the ESFA	459	459	374	374
<b>Total</b>	<b>1,731</b>	<b>2,018</b>	<b>2,241</b>	<b>1,712</b>

Trade receivables are stated net of a bad debt provision of £474,000 (2019: £908,000).

**15. CURRENT INVESTMENTS**

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Assets held for resale	-	-	3,353	3,353
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,353</b>	<b>3,353</b>

The old building. Junction Mills, Garden Mills, Appleton Building and Victoria Building have been transferred back to Fixed Assets in year due to the impact of the Covid-19 pandemic and potential usage to facilitate social distancing.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 16. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	225	225	-	-
Obligations under finance leases	31	31	31	31
Trade creditors	778	617	990	824
Amounts owed to subsidiary undertakings	-	162	-	8
Joint venture undertakings	23	23	16	16
Taxation and social security	491	450	798	717
Accruals and deferred income	3,652	3,484	3,532	3,331
Deferred Income government capital grants	-	-	-	-
Deferred Income government revenue grants	18	18	47	47
Amounts owed to the ESFA	1,996	1,996	1,328	1,328
Amounts owed to other funding bodies - OfS	130	130	339	339
<b>Total</b>	<b>7,344</b>	<b>7,136</b>	<b>7,081</b>	<b>6,641</b>

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

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	19,775	19,775	20,000	20,000
Obligations under finance leases	289	289	277	277
<b>Total</b>	<b>20,064</b>	<b>20,064</b>	<b>20,277</b>	<b>20,277</b>

### 18. BORROWINGS

#### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	225	225	-	-
Between one and two years	900	900	225	225
Between two and five years	4,700	4,700	4,700	4,700
In five years or more	14,175	14,175	15,075	15,075
<b>Total</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 18. BORROWINGS (CONTINUED)

#### (b) Finance leases

Total future minimum lease payments are repayable as follows:

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	31	31	31	31
Between one and two years	63	63	63	63
Between two and five years	86	86	86	86
In five years or more	140	140	128	128
<b>Total</b>	<b>320</b>	<b>320</b>	<b>308</b>	<b>308</b>

The new facility in 2019 comprised of a) a £2m interest only loan repayable in full at the end of 4 years unless repaid from the proceeds of disposal of surplus properties, b) an £11.7m loan repayable over 15 years with a capital holiday for the first two years, and c) a final payment of £6.3m at the end of the 15 year term of the £11.7m loan.

The balance of £11.7m is subject to a fixed rate interest charge of 3.784% per annum. All other loan balances are at a variable rate linked to LIBOR.

In March 2019, the College signed a contract with Bradford Council to lease the Alexandra Car Park, Great Horton Road. The lease agreement consisted of:

- One peppercorn rent per annum from 15 June 2015 to 14<sup>th</sup> June 2020
- Rent of £31,400 per annum from 15 June 2020 to 14<sup>th</sup> June 2034
- Rent of £31,212 for the final year from 15 June 2034 to 14<sup>th</sup> June 2035

Purchase Price 15 June 2035 £1.00. With interest charged at 4% above NatWest base rate.

There is a financial condition set out in the agreement for the covenants to be tested quarterly for the following-Cash flow Cover, Projected Cash flow Cover, Total Gross Debt to EBITDA, Total Gross Debt to Total Revenue, Total Gross Debt to Net Assets, Capital Expenditure, Finance Leases and a Minimum Cash Balance.

The following charges on property exist within the Group: The Secretary of State for Education 29<sup>th</sup> July 2019 Property: 39 and 41 Chapel Street, Bradford: Lloyds Bank Plc Date: 29<sup>th</sup> May 2019 Property: 39 and 41 Chapel Street, Bradford.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**19. PROVISIONS FOR LIABILITIES**

**Group and College**

	<b>Defined benefit obligations (note 25)</b>	<b>Enhanced pensions</b>	<b>Other</b>	<b>Total</b>
At 1 August 2019	40,315	237	-	40,552
Amounts utilised in the year	(1,181)	(8)	-	(1,189)
Recognised in total comprehensive income	23,060	85	-	23,145
<b>At 31 July 2020</b>	<b>62,194</b>	<b>314</b>	<b>-</b>	<b>62,508</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 25.

The enhanced pension provision relates to the cost of staff that have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. 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 comprehensive income in the year that the member of staff retires. In subsequent years the provision will be re-measured, and a charge made to provisions in the balance sheet. The provision has been calculated in accordance with guidance issued by the funding bodies. The principal assumptions in this calculation are:

	<b>2020</b>	2019
Price inflation	<b>2.30%</b>	2.30%
Discount rate	<b>1.40%</b>	2.10%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**20. (a) NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Cash flow from operating activities</b>		
(Deficit)/Surplus after tax for the year	<b>(3,556)</b>	18,017
Depreciation	<b>3,030</b>	3,375
Increase/ (Decrease) in other provisions	-	(21)
Pension costs less contributions payable	<b>1,924</b>	2,448
Impairment of investment	-	10
Impairment on asset held for resale	-	21
Share of operating (deficit)/ surplus in joint venture	<b>44</b>	(32)
Investment income	<b>(43)</b>	(46)
Interest payable	<b>1,546</b>	8,199
Loss on sale of tangible fixed assets	<b>35</b>	9
Loan Restructure of new borrowing	-	20,000
Repayments of loan restructure borrowing	-	(40,474)
Loan Breakage Costs	-	(5,876)
<b>Net cash flow from operating activities</b>	<b>2,980</b>	5,630
Increase in stocks	<b>(191)</b>	(12)
Decrease in debtors	<b>509</b>	1,258
Increase/ (Decrease) in creditors due within 1 year	<b>38</b>	(1,224)
Increase (Decrease) in creditors due after 1 year	-	-
<b>Cash generated from operations</b>	<b>3,336</b>	5,652

**20. (b) ANALYSIS OF CHANGE IN NET DEBT**

	<b>At 1</b>			<b>At 31 July</b>
	<b>August</b>	<b>Cash</b>	<b>Other</b>	<b>2020</b>
	<b>2019</b>	<b>flows</b>	<b>changes</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	8,598	1,621	-	10,219
Overdraft facility repayable on demand	-	-	-	-
	<b>8,598</b>	<b>1,621</b>	<b>-</b>	<b>10,219</b>
Loans falling due within one year	-	-	(225)	(225)
Loans falling due after more than one year	<b>(20,000)</b>	-	225	<b>(19,775)</b>
Finance lease obligations	<b>(308)</b>	-	(12)	<b>(320)</b>
<b>Total</b>	<b>(11,710)</b>	<b>1,621</b>	<b>(12)</b>	<b>(10,101)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 21. CAPITAL COMMITMENTS

As at 31 July 2020 the Group and College had no capital commitments (2019: £nil).

### 22. LEASE OBLIGATIONS

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

	Group and College	
	2020 £'000	2019 £'000
<b>Payments due</b>		
Not later than one year	259	326
Later than one year and not later than five years	187	199
Later than five years	-	-
<b>Total lease payments due</b>	<b>446</b>	<b>525</b>

### 23. CONTINGENCIES

The College has no contingent liabilities to report.

### 24. EVENTS AFTER THE REPORTING PERIOD

There are no adjusting events after the reporting period.

The closure of two Group companies, Training for Bradford and Beacon, will happen during 2020/21.

The FE commissionaires report issued October 2020 rates Bradford College as a good college and that the College has made significant progress over the last year whilst managing the challenges of COVID-19. Governance is clear, effective, and impactful. Leadership is cohesive and the team speak with one voice. Student outcomes are demonstrating a 3-year improving trend and there is good progress in mathematics and english GCSE.

An interim Ofsted inspection occurred at the College 30 September 2020 to 1 October 2020, the visit had been planned earlier in the year but was delayed due to the Covid-19 pandemic. A positive interim inspection report has been published.

Covid-19 impact has been fully reflected in the Financial Statements to July 2020, the College have returned to a reduced on site delivery from September 2020 and using the October half term as a mini circuit break. There are no events after the reporting period adjusting or non-adjusting in relation to the College Covid-19 considerations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 25. 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 West Yorkshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2016 and of the LGPS 31 March 2019.

	2020		2019	
	£'000	£'000	£'000	£'000
<b>Total pension cost for the year</b>				
Nest Pensions		-		-
Teachers' pension scheme contributions paid		<b>2,186</b>		1,633
West Yorkshire Pension Fund:				
Current Service Costs:				
Contributions paid	<b>1,181</b>		1,282	
FRS102 (28) charge	<b>1,773</b>		946	
Past Service Costs	<b>151</b>		1,502	
Charge to the Statement of Comprehensive income		<b>3,105</b>		3,730
Enhanced pension charge to Statement of Comprehensive income		-		(6)
Pension contributions paid into subsidiary defined contribution scheme		<b>86</b>		96
<b>Total Pension Cost for year within staff costs</b>		<b>5,377</b>		5,453

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by the employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is account for as a defined contribution plan.

#### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanism at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 25. DEFINED BENEFITS OBLIGATIONS (CONTINUED)

#### Teachers' Pension Scheme (continued)

As a result of the valuation, new employer contributions rates were set at 23.68% of pensionable pay from September 2020 onwards (compared with 16.48% during 2019/20). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional cost during the 2019/20 academic year.

The next valuation result is due to be implemented from 1 April 2023.

The pension costs paid to TPS in the year amounted to £2,186,000 (2019: £1,633,000).

#### Local Government Pension Scheme

The WYPF is a funded defined-benefit plan, with the assets held in separate funds administered by West Yorkshire Pension Fund. The total contributions made for the year ended 31 July 2020 were £1,617,000 (2019 - £1,794,000) of which employer's contributions totalled £1,182,000 (2019 - £1,282,000) and employees' contributions totalled £435,000. (2019 - £512,000). The agreed contribution rates until 31st March 2021 are 16.4% for employers and range from 5.5% to 12.5% for employees, depending on salary. The proposed contribution rate for employer's increases as follows, following the draft actuarial valuation results as at 11th November 2019:

17% from 1st April 2021.

18% from 1st April 2022.

#### Principal Actuarial Assumptions

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

	<b>At 31 July 2020</b>	At 31 July 2019
Rate of increase in salaries	<b>3.55%</b>	3.55%
Future pensions increase	<b>2.30%</b>	2.30%
Discount rate	<b>1.40%</b>	2.10%
Inflation assumption (CPI)	<b>2.30%</b>	2.30%
Commutation of pensions to lump sums	<b>75.0%</b>	75.0%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	<b>At 31 July 2020 Years</b>	At 31 July 2019 Years
<i>Retiring today</i>		
Males	<b>21.8</b>	22.2
Females	<b>24.6</b>	25.4
<i>Retiring in 20 years</i>		
Males	<b>22.5</b>	23.2
Females	<b>25.7</b>	27.2

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**25. DEFINED BENEFITS OBLIGATIONS (CONTINUED)**

The College's share of the assets in the plan at the balance sheet date:

**Fair Value of assets**

	<b>Fair Value at 31 July 2020 £'000</b>	Fair value at 31 July 2019 £'000
Equity instruments	<b>72,085</b>	79,391
Property	<b>3,989</b>	4,343
Government Bonds	<b>9,277</b>	10,000
Corporate Bonds	<b>4,639</b>	3,636
Cash	<b>1,484</b>	2,121
Other	<b>1,300</b>	1,515
<b>Total fair value of plan assets</b>	<b>92,774</b>	101,006
<b>Actual return on plan assets</b>	<b>(5,267)</b>	7,241

**Amounts charged/ (credited) to the Statement of Comprehensive Income in respect of the plan are as follows:**

	<b>2020 £'000</b>	2019 £'000
Amounts included in staff costs:		
Current service cost	<b>2,954</b>	2,228
Past service cost	<b>151</b>	1,502
<b>Total</b>	<b>3,105</b>	3,730
Interest and other finance costs:		
Net interest expense	<b>834</b>	511
<b>Total</b>	<b>834</b>	511
<b>Amount recognised in other comprehensive income:</b>		
Return on pension plan assets	7,357	(4,593)
Actuarial losses	11,764	23,062
<b>Amount recognised in Other Comprehensive Income</b>	<b>19,121</b>	18,469

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

	<b>2020 £'000</b>	2019 £'000
<b>Defined benefit obligations at start of year</b>		
Liabilities at start of the year	<b>141,321</b>	114,248
Current service cost	<b>2,954</b>	2,228
Interest cost	<b>2,924</b>	3,159
Contributions by scheme participants	<b>435</b>	512
Actuarial losses	<b>11,764</b>	23,062
Benefits paid	<b>(4,581)</b>	(3,390)
Past service cost	<b>151</b>	1,502
<b>Defined benefit obligations at end of year</b>	<b>154,968</b>	141,321

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

### 25. DEFINED BENEFITS OBLIGATIONS (CONTINUED)

Changes in fair value of plan assets		2020	2019
		£'000	£'000
Fair value of plan assets at start of year		101,006	95,361
Interest income		2,090	2,648
Return on plan assets (excluding net interest on the net defined benefit liability)		(7,357)	4,593
Employer contributions		1,181	1,282
Contributions by scheme participants		435	512
Benefits paid		(4,581)	(3,390)
Fair value of plan assets at end of year		92,774	101,006
Deficit of plan obligations net of plan assets	19	62,194	40,315

Asset returns over the period are lower than expected. This has led to a loss on assets over the accounting period and a worsening in the balance sheet position before allowance for the 2019 Valuation.

There are been a change in the assumptions over the period, the discount rate as reduced by 0.70%. This has resulted in a less positive balance sheet position. The impact of the change is recognised in Other Comprehensive Income.

#### Nest Pension Scheme (Bradford College Student Union and Beacon Limited)

Contribution rates employee 2%-3% on earnings and employer 5%  
Membership = 1

#### AVIA Pension Scheme (Training for Bradford Limited)

Contribution rates employee 3%-5% on length of service and employer 4% to 7% on length of service  
Membership = 64

### 26. RELATED PARTY TRANSACTIONS

#### Transactions with key management personnel

Key management compensation disclosure is given in note 8.

No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2019: None).

#### Inprint & Design Limited (company number 4229897)

Inprint & Design Limited is a private limited company in which the College holds 50% of the issued share capital, the remaining 50% being held by the University of Bradford. Chris Malish was a director of Inprint & Design Limited during the relevant year. Purchase transactions with Inprint & Design Limited in the year amounted to £301,835 (2018/19: £409,549) with £22,617 outstanding at the year-end (2018/19: £16,299). Sales transactions with Inprint & Design Limited in the year amounted to £178,491 (2018/19: £288,087) with a balance of £18,649 outstanding at the year-end (2018/19: £66,733). A gift aid value of £0 (2018/19: £107k) gifted to Bradford College for the accounting period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**27. AMOUNTS DISBURSED AS AGENT LEARNER SUPPORT FUNDS**

	2020 £'000	2019 £'000
Balances brought forward	1,642	1,687
Funding body grants – bursary support	-	-
Funding body grants – discretionary learner support	990	1,200
Funding body grants – residential bursaries	-	-
Other funding body grants	888	1,220
Interest earned	-	-
	<u>3,520</u>	<u>4,107</u>
Reimbursed to students	(1,935)	(2,411)
Reimbursed to employers	-	-
Administration costs	(39)	(58)
Other Adjustments	(141)	4
<b>Balance unspent as at 31 July, included in creditors</b>	<u><u>1,405</u></u>	<u><u>1,642</u></u>

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

# **INDEPEDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF BRADFORD COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY**

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## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 26 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Bradford College during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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.

## **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2019 to 2020 (the "Code") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

We are independent of the Bradford College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

## **Responsibilities of Corporation of Bradford College for regularity**

The Corporation of Bradford College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Bradford College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

## **Reporting accountant's responsibilities for reporting on regularity**

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we

**INDEPEDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF BRADFORD COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

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identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

**Use of our report**

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

RSM UK Audit LLP

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Date

22/1/21