



Report and Financial Statements

Financial Year 1st August 2018 – 31st July 2019

Key Management Personnel, Board of Governors and Professional Advisors

Key Management Personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018-19:

Angela Williams: Principal and Accounting Officer

Marcus Smith-Connor: Vice Principal: Curriculum and Quality (from August 2018)

Lee Goddard: Assistant Principal Student Support & Guidance (from January 2019: previously Sonia Ross: early retirement)

Gabriel Mellor: Assistant Principal Marketing, Schools Liaison and Community Partnerships (to December 2018: new post: not replaced)

Neville Phillips: Assistant Principal Progression and ALSS (ill health retirement: November 2019)

Kam Rogerson: Assistant Principal Curriculum and Quality

Julie Thomas (née Pryce): Assistant Principal Curriculum Data and Planning (promoted post from August 2018)

Andrew Shaw: Assistant Principal Finance and Resources (ill health retirement: February 2019: interim since Hilary Foster)

Board of Governors

A full list of Governors is given on page 10 & 11 of these financial statements.

Mrs C Coupland acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial Statements and Regularity Auditors:

Wylie & Bisset LLP
168 Bath Street
GLASGOW
G2 4TP

Internal Auditors:

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham, Hants
PO14 1AH

Bankers:

Yorkshire Bank
40 New Street
HUDDERSFIELD
HD1 2BT

Loan Providers:

Barclays Bank
1 Park Row
LEEDS
BX3 2BB

Solicitors:

Gordons LLP
8 Duke Street
Bradford
BD1 3QX

Annual report and financial statements for the year ended 31 July 2019

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Nature, Objectives and Strategies

The members of the Corporation have great pleasure in presenting their report and the audited financial statements for the year ended 31 July 2019.

During the period, key highlights, achievements and developments included:

- A full Ofsted inspection carried out in April 2016, at the end of which the overall effectiveness of the College was graded as 'Outstanding'. All contributory grades were also graded as 'Outstanding'; effectiveness of leadership & management, quality of teaching, learning & assessment, personal development, behaviour & welfare, outcomes for learners, and 16 to 19 study programmes.
- Overall, for 2018-19, for the fifth consecutive year, College outcomes were self-assessed as 'Outstanding', whilst the College maintained its' status as one of the best providers of level 3 qualifications in the country.
- Since completion of the West Yorkshire Area Based Review process in September 2016, the College has continued to remain as an independent sixth form college, but agreed to continue to horizon scan and would re-consider academisation, if this option becomes more favourable for the College.
- Consistently achieving outstanding raw and value added outcomes for long qualifications overall for all levels.
- Being significantly above the average for SFCs in terms of the achievement of 9-4 grades in GCSE English language and maths.
- Exceeding the 2413 (from 2017/18) funded student numbers, by enrolling 2450 for 2018-19.
- Outstanding positive progression through and from the College, with over 92% of students completing the 2018-19 academic year progressing to positive destinations, being above local and national levels.
- Being named the Times Education Supplement (TES) sixth form college (SFC) of the year (March 2019).
- Achieving the UK number 1 organisation award for Equality & Diversity for the third time in 2018-19.
- Achieving the level 3 'Leaders in Diversity' award and UK Organisation of the Year for FREDIE (Fairness Respect Equality Diversity Inclusion Engagement) for the third time.
- Retaining the 'Disability Confident' leader award.
- Continued investment in College resources, with the completion for September 2019 of a complete redesign of the Boiler House Theatre, the relocation of Law, Geography, Sociology, MFL to reflect the new Curriculum departmental groupings, and of the Creative Media workroom to create another classroom, to add to the classroom gained by redesigning 507, which also includes a new Science study hub.
- Maintaining 'Outstanding' financial health, even with all the above developments, with no increase in the ESFA funding rate again, continuing pension, pay award and other inflationary cost increases and adverse non-cash pensions deficit effects of £331,000. The outturn cash figure (including current asset investments) at 31 July 2019 was £2,591,000, being £351,000 above the budget, with the underlying figure being £119,000 higher than budget after taking account of timing differences.
- In December 2018 the College Principal Angela Williams received an OBE for services to education over her 33-year career and in January 2019 was named Educate North Leader of the Year.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Huddersfield New College. The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The College's mission as approved by its members is:

"To provide a high quality sixth form education in a friendly, supportive and diverse learning environment".

Members' Report

Public Benefit

Huddersfield New College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the Charity, are disclosed on page 10-11.

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

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

- Offering a broad Curriculum that supports local and national economic need, with regular review and innovation
- Widening participation in post 16 education, particularly at level 3
- High-quality teaching & learning and outstanding student outcomes and progress
- Strong student support and guidance, removing barriers to success and enabling students to make outstanding progress
- Development of employability skills
- Increasing the number of 19 year olds with GCSE Maths & English (passport qualifications)
- Positive progression into further education, higher education or employment
- Providing facilities for community use
- Strong partnerships with local schools, universities, businesses and communities
- Celebrating diversity and equality of opportunity
- Endorsing healthy work and life styles
- Increasing public learning and knowledge

Corporate Social Responsibility

Huddersfield New College is committed to contributing and responding to the needs of our community, to increase opportunity, and to make a notable contribution to social regeneration, economic growth and development. Our approach to Corporate Social Responsibility is to put the community at the heart of everything we do, to create a positive impact, and to enrich the social, cultural, economic and environmental well-being of our community.

Huddersfield New College recognises its corporate and social responsibility to carry out its activities in a way that is sensitive to the environment. In this respect the College will seek to develop an ethos of environmental and sustainability responsibility with all its staff, governors and students.

In delivering its mission 'to provide a high quality sixth form education in a friendly, supportive and diverse learning environment', the College will seek to promote a sound awareness and understanding of local, national and global environmental and sustainability issues, and conduct our activities in an environmentally friendly manner.

As part of the College experience, students will also be encouraged to consider their own social responsibility through the tutorial programme, which covers Fundamental British Values and links to the College's Mission and Values. We encourage students to be healthy, to stay safe, to enjoy and achieve, and to progress to a positive destination to support their economic well-being and to make a positive contribution to their community.

Social Responsibility also underpins many of the activities led by the Head Students, and the College nominates a number of charities each year to support, both in terms of fundraising and volunteering.

Implementation of Strategic Plan

The 3-year strategic plan is for the period 1 August 2017 to 31 July 2020. The plan is supported by a financial forecast for this period. The Corporation monitors the performance of the College against the strategic objectives in this plan.

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The plan is reviewed and updated each year.

The College's revised strategic objectives for 2017- 2020 are:

- To deliver outstanding student outcomes and student progress through first class teaching, learning and assessment
- To provide outstanding care, guidance and support to enable students to fully realise their potential and to progress with confidence to further learning and their future career
- To provide an enriched learning experience for students which promotes outstanding personal development, behaviour and welfare and aspiration for the future
- To develop healthy and resilient young people, prepared for further learning and their future careers
- To bolster the College's resilience, locally and nationally
- To ensure financial well-being and stability, to enable investment in outstanding resources (both physical and human), and to support the other strategic objectives of this plan

Financial Objectives

The College's financial objectives continue to be:

- to maintain a sound financial base;
- to maintain/ improve financial management;
- to maintain the confidence of funding bodies and professional advisors;
- to raise awareness of financial issues; and
- to continue to improve the stock of accommodation and equipment.

Key Performance Indicators

A series of performance indicators have been agreed to monitor the successful implementation of the policies and to maintain the College's 'Outstanding' Ofsted grade and financial health category status. The College is currently expected to maintain the 'Outstanding' category, from the current year 2018-19, through the next 2 years of the current financial planning period to July 2021.

The College aims to just maintain 'Outstanding' financial health, whilst continuing to invest in College resources wherever possible in a difficult financial climate. This was achieved for 2018-19. The overall College achievement (formally known as success) rate for 2018-19 is 93.5% well above the top 10% for the high performing SFC sector. Student numbers for 2018-19 were 2450, above the funded number by 37.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education & Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having an Outstanding financial health grading. The current rating of Outstanding is considered an acceptable outcome.

Financial Position

Financial results

The College generated an operating deficit during the year ended 31 July 2019 of £305,000 (2017-18: deficit £115,000). Even with no increase in ESFA funding rates, continued cost increases, the £389,000 WYPF adverse revenue, the College had accumulated reserves before the WYPF deficit of £9,755,000 (2017-18: £9,422,000), and after the WYPF deficit of £5,628,000 (2017-18: £7,297,000) and cash balances (including current asset investments) of £2,591,000 as at 31 July 2019 (2017-18: £2,616,000). The liquidity of the College remained strong during the year, with net current assets being £1,194,000 (2017-18: £1,357,000) and the current ratio remaining positive at 1.75 (2017-18: 1.9), even after allowing for the continued significant investment in College resources during the year, and the non-cash effects of the holiday pay accrual (£380,000) and the government capital grant creditor (£171,000). The updated WYPF deficit increased to £4,120,000.

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Tangible fixed asset additions during the year amounted to £1,071,000.

The College continues to have significant reliance on the ESFA funding body for its principal funding source. With the continued decrease in ESFA funding rates and extra costs likely in the next few years, the College aims to maintain a balanced budget to at least July 2020, where cash is maintained at above £2.1million, expenditure does not exceed income (on a cash basis), and the College just maintains 'Outstanding' financial health.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions through the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short-term borrowing for temporary revenue purposes would be authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement.

Cash flows

At £1,041,000 (2017-18 £799,000), the operating cash inflow was strong. Offset against this were net cash outflows from investing activities of £892,000 and outflows from financing activities of £192,000.

Reserves Policy

The College discusses the level of reserves every year at the Corporation Finance Committee around March time, when the College is agreeing financial parameters under which to prepare the financial forecast for the next 2 or 3 years. The College's current cash reserves parameter is part of this discussion, to ensure the College just maintains the cash level to keep the current outstanding financial health, can manage the low cash point in March of each year, with any surplus to this being available, if required, for agreed one off developments discussed through this committee. This currently allows a minimum cash reserves figure of £1.9 million by 31 July, after taking account of timing differences, with any balancing figure being effectively a reserve for potential developments to be agreed through the Finance and then Corporation committees.

Liquidity

The size of the College's total borrowing, and its approach to interest rates have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers is 95%. During the year ended 31 July 2019, the College met this target and incurred no interest charges in respect of late payment.

Current and Future Development and Performance

Student numbers

In 2018-19 the College received its main student numbers based grant of £11,038,843 for 2413 funded students

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Student achievements

- The best set of results in the College's history, securely outstanding
- A level results have improved on last year's in all key performance indicator measures and are above national figures (excluding high grades but even on this measure the gap closed significantly to less than 1%)
- The value added score for A levels places the College in the top 10% of providers nationally for student progress
- L1, L2 & L3 BTEC results continue to be extremely strong, of particular note is the significantly improved high grade rate at Level 3
- The value added score for Level 3 BTECs places the College in the top 10% of providers nationally for student progress
- The pass rate on the key GCSE passport qualifications (English and Maths) has again improved and both are significantly above the national benchmarks for these qualifications
- There is, as always, improvement work to do. This includes eradicating the poor performance in two A level subjects and GCSE Science, and improving the Level 2 vocational retention rate

Curriculum Development

Entry thresholds have been reviewed and amended for 2019-20 to reflect the experience of the first full cohort of linear A levels. The Academic Skills programme has been removed from the curriculum offer following a full evaluation of its impact on helping students to develop certain key skills in relation to the cost of the delivery model. Level 2 CACHE Childcare and A level Classics have been removed from the College's curriculum offer due to a lack of student demand.

Events after the reporting period

There have been no post balance sheet events.

Future Prospects and Developments

During the year, the College again undertook significant restructurings of all cost areas for 2019-20, to counter the continuing adverse effects of funding reductions and cost increases across 2017-18 and 2018-19. As a result, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future, by planning to just maintain the Outstanding financial health grading across the current planning period, whilst re-investing in the College to support the objectives in the Strategic Plan wherever financially viable. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The College was involved in Wave 1 of the Area Based Review (ABR) process during 2015-16. The College's position following this Review was agreed in September 2016 by the Corporation to remain as an independent Sixth Form College. The ABR team concluded that the College was viable in this status, based on the quality of provision and financial models prepared. However, the College will continue to horizon scan and will consider academisation, if this option becomes more beneficial for the College.

For September 2019, the College completed works to the Boiler House Theatre, relocated Law, Geography, Sociology, and MFL to reflect the new Curriculum departmental groupings, and also the Creative Media workroom to create another classroom, to add to the classroom gained by the redesign 507, which also included a new Science study hub.

The College wishes to continue to invest in the buildings & resources of the College whilst maintaining its 'Outstanding' financial health status. The next review of the property strategy during 2019-20, will focus on ensuring that wherever possible all buildings are at least maintained to the current 'Good' or 'Very Good' condition, that buildings are running as efficiently as possible, that the buildings are safe, that accommodation meets future Curriculum needs and developments (including at level 5) and that the learning environment contributes towards

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the College maintaining the Ofsted Outstanding grading.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include land and buildings with net book values as at 31 July 2019 of £20.7million (following a revaluation at 31 July 2013) and equipment with a net book value of £1.1million.

Financial

The College had £12.3million of net assets (after the offset of £4.1million of pension liabilities, and long-term debt of £1.2million).

People

The College employed 228 people (184.2 if expressed as full time equivalents), of whom 114 were teaching staff (104 if expressed as FTE equivalents).

Reputation

The College has an outstanding reputation locally and nationally, reinforced by the Outstanding Ofsted inspection in April 2016, together with further improvements since then. Maintaining a nationally kite-marked high quality brand is essential for the College's success at attracting students.

Principal Risks and Uncertainties

The College embeds the system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation. Risk Management forms part of the College's internal control and Corporate Governance arrangements.

Risk can be defined as 'the threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its objectives'. The College adopts best practices in the identification, evaluation and cost effective control of risks to ensure that they are eliminated or reduced to an acceptable level. Risk Management is not intended to focus only on financial impact; it should also focus on operational impact as risk is inherent in all College operations.

The Board Assurance Framework (BAF) is integral to the College's internal control, risk management and corporate governance. The BAF enables the Corporation and its committees to evaluate the effectiveness of the College's internal control procedures and assurances. The BAF arrangements underpin the risk management policy and clarifies the role of the Corporation in the management of risk, by using the BAF to seek assurance of the adequacy and effectiveness of risk management and controls identified.

The following key principles outline the College's approach to risk management and internal control.

- The Corporation have responsibility for the overall assurance that risk is being effectively managed by the College and that adequate controls, policies and procedures are in place. The Corporation are also responsible for determining the risk appetite of the college and whether the College is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue.
- The Audit Committee assumes lead responsibility for the Board Assurance Framework (BAF), including (in conjunction with the College's Risk Management Group), maintaining and reviewing the structure of the BAF, and ensuring its effective use.
- The Risk Management Group (Senior Leadership Team) has responsibility for risk management within the College as a whole. This responsibility is delegated by the Corporation. An open and receptive approach to risk management is adopted by the Risk Management Group (Senior Leadership Team)

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- The Risk Management Group (Senior Leadership Team) delegates operational responsibility for the risk register to the Risk Management sub-group
- All Senior Leaders, Directors, Heads of Department and Cross College Managers are responsible for encouraging good risk management practice within their designated managed area
- All staff have a responsibility to advise their line managers about emerging potential risks

The Risk Management Group (Senior Leadership Team) on an annual basis will review and determine the key risks in the BAF, with related mitigations and assurances to the College, and will present the updated BAF to the Audit Committee for approval.

The identification of risks will be a dynamic process, with risks added, removed or re-rated during the annual review. All staff are able to identify potential risks through their line managers.

These key risks will be monitored closely across each year as appropriate and are subject to assurance reviews by the Corporation and its Committees.

Outlined below is a description of the principal risk factors with the highest inherent risks that may affect the College.

1. Government funding

The College has full reliance on continued government funding through the ESFA. In 2018-19, 95% of the College's revenue was ultimately public funding and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of a number of issues in the College's key risk register, which may directly or indirectly impact on future ESFA funding. The risks in relation to government funding are as follows;

- Poor financial management and control
- Poor student recruitment and retention
- Inaccurate student data and funding claims
- Poor quality teaching, learning and assessment leading to poor student outcomes and poor student progress
- Failure to anticipate and/or respond quickly and appropriately to local, regional or national developments which could impact on the College (e.g. Post 16 funding changes, KS4 or KS5 curriculum change, development of competitor local 16-19 providers, preferential financial incentives for academies)

Mitigations and assurance are reported, reviewed and monitored within the Board Assurance Framework.

2. Other Key Risk Register risks

Other inherent key risks to the College include:

- Poor business continuity planning and critical incident management
- Poor IT and data security and service
- Ineffective staff performance management
- Difficulty to recruit and retain high quality staff possibly leading to gaps in skills, knowledge and experience and thereby business continuity
- Poor continuous professional development of staff
- Failure to fulfil statutory responsibilities - E & D, Safeguarding, SEND, Prevent, Health and Safety, Employment

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- Poor whole college experience for students and parents/carers
- Poor reputation management
- Failure to manage effectively GDPR (General Data Protection Regulations)
- Lack of effective governance, including lack of effective challenge and support for SLT

3. Other Risks: Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102. In the shorter term, the employer's contribution rate to the scheme may be increased in future years as a result of increasing deficits. The College will monitor this, build it into financial plans, and assess its impact.

Stakeholder Relationships

In line with other colleges and with universities, Huddersfield New College has many stakeholders. These include:

- Students
- Parents
- Education sector funding bodies;
- Sixth Form College (SFC) Commissioner
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices/ Regional Development Agencies/LEPs
- The local community
- SFC and FE institutions
- Trade unions and professional bodies
- Suppliers and contractors

Governors at Huddersfield New College recognise the importance of these relationships and believe that it is essential to know the views and experiences of the College of all stakeholders in order to continue to improve the provision of the college and achieve excellent outcomes.

The Corporation's stakeholder engagement strategy therefore aims to ensure that:

- Governors seek the engagement of stakeholders as a vehicle for improvement
- Stakeholders receive clear, coherent and consistent messages
- The Board of Governors make effective use of people's time in seeking their views, involving them in decisions and sharing relevant information
- Governors are able to make use, at a strategic level, of information, opinions and feedback gained from engaging with stakeholders

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences including, but not limited to, those protected characteristics defined in the Equality Act 2010 (specifically: sex; race; disability; sexual orientation; religion/belief; age; gender reassignment; marriage (including same sex marriage) and civil partnership, and pregnancy and maternity). We strive vigorously to remove barriers and/or conditions that could place people at a disadvantage and we will actively address prejudice and unfavourable treatment.

This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site and external website. The College publishes an Annual Equality Report

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and Equality Self-Assessment Report & Quality Improvement Plan to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on policies and procedures. Equality impact assessments are reviewed in line with the schedule of the reviews of policies, procedures, practices and plans.

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the Disability Confident standard. The College considers all employment applications from applicants with a disability, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for a post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues, by making reasonable adjustments as necessary and as far as reasonably practicable. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College is a Leader in Diversity at Level 3 and is the number 1 organisation in the UK for Equality and Diversity, as measured by the National Centre for Diversity.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- As part of its accommodation strategy the College updates its access audit regularly (last updated in 2016) Experts in this field conduct a full access audit, resulting in an action plan to further improve access
- There is a range of specialist IT equipment, lighting, audio facilities, etc, which the College can make available for use by students with learning difficulties and/or disabilities
- The admissions policy for all students is described in the College Prospectus. Appeals against a decision not to offer a place are dealt with under the Complaints Policy
- The College has made a significant investment in the appointment of specialists to support students with learning difficulties and/or disabilities. Student Support Assistants provide a range of learning support according to individual need. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- The College has an inclusive approach to the curriculum. Students are supported on mainstream programmes, which are described in curriculum area course leaflets. Students with learning difficulties and/or disabilities are supported by specialist staff. Achievements and destinations are recorded and published in the standard College format, but available in other formats, on request
- Counselling and welfare services are described in the College Prospectus, which is available to students on the website
- We have comprehensive support systems in place for employee health and wellbeing

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. During the year, 4 members of staff received 1 paid hour per week each (being between 1-50% of each of their time) to act as trade union officials. The total cost of this facility time was £6,717 (0.08% of the total salary bill).

Disclosure of information to auditors

The members who held office at the date of approval of the 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 auditors are aware of that information.

Approved by order of the members of the Corporation on 12th December 2019 and signed on its behalf by:



Ms L Summers
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2018 to 31st July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full compliance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”).

The College is committed to exhibiting best practice in all aspects of corporate governance. As of 1st August 2017, the Corporation adopted and has fully complied with all areas of the Code of Good Governance for English Colleges. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Corporation

At Huddersfield New College, the main objective for the Corporation is to deliver effective governance by providing strategic direction, creating robust accountability, oversight and assurance for the College’s educational and financial performance and being ambitious for all learners to achieve the very best outcomes.

The members who served on the Corporation during the year and subsequent to the year-end were as follows:

Name	Date of first appointment	Term of current office until (4 year maximum)	Date of resignation / retirement	Status of appointment	Committees served	Corporation and relevant Committee meeting attendance (to July 2019)
Ms M Boryslawskij	December 2014	March 2020		External	Search & Governance (S&G)	8/9
Mr P Cropper	July 2012 (reappointed 2016)	July 2020		Co-opted	Finance & Resources (F&R)	3/4
Mr J Dawson (Vice Chair)	July 2010 re-appointed 2018	Aug 2022		External	F&R S&G Remuneration	13/15
Ms M Dean	September 2018	August 2020		Staff	-	4/6
Ms R Drury	July 2010	Jan 2021		External Governor	Remuneration	7/8
Ms K Fleming	Sept 2015 (reappointed July 2019)	August 2021		External	Remuneration Audit	11/12
Ms H Haigh	July 2013	July 2021		External	Audit	6/9
Mr J Hood	Sept 2016	August 2018	August 2018 (Retired)	Staff	-	6/7

Statement of Corporate Governance and Internal Control

Mr A Leach	April 2019	April 2023		External	○	1/1
Ms P McGuire	Sept 2014 re-appointed 2018	Sept 2022	September 2019 (Resigned)	External	-	3/6
Mr A Nelson	July 2013	July 2021		External	Audit S & G	11/13
Ms J Pryce	July 2013 (reappointed July 2019)	Jan 2024		Co-Opted	F&R	4/4
Ms H Richards	Jan 2018	Jan 2020		Parent	-	3/6
Ms J Rowlands	April 2019	April 2020		Student	-	1/1
Mr M Seaton	August 2019	August 2023	September 2019 (Resigned)	External	○	0/0
Ms L Summers (Chair)	Sept 2012 re-appointed 2018	August 2022		External	S&G, Rem	11/11
Mrs A Thompson	Dec 2012	August 2018	August 2018 (Retired)	External	Remuneration	4/7
Mr B Tilford- Whitehouse	April 2018	April 2019	April 2019 (Retired)	Student	-	4/5
Mr N Uppal	Dec 2014 re-appointed 2018	Dec 2022		Co-opted	Audit	3/4
Mr K Webb	May 2015 (reappointed July 2019)	Jan 2024		External	Audit	8/10
Mrs AM Williams	Aug 2007	-		Principal	F&R, S&G	13/13
Mr G Wright	August 2018	August 2022		Co-opted	Audit	2/4
Ms T Wright	July 2013	July 2021		External	F&R	8/10

Mrs C Coupland acted as clerk during the whole period.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least on a termly basis.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, underpinned by a Scheme of Delegation, which have been approved by the Corporation. These committees are Finance and Resources, Audit, Search & Governance, and Remuneration. Full minutes of all meetings, except those deemed confidential by the Corporation, are available on the College's website at www.huddnewcoll.ac.uk, or from the Clerk to the Corporation at: Huddersfield New College, New Hey Road, Huddersfield, HD3 4GL

The Clerk to the Corporation maintains a register of financial and personal interests of the members of the Corporation and key staff with significant financial and decision-making responsibility. The register is available for inspection at the above address.

All members of the Corporation 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

Statement of Corporate Governance and Internal Control

applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to members of the Corporation in a timely manner, prior to meetings of the Corporation. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility, as determined by the Corporation's Scheme of Delegation, in that the roles of the Chair and Accounting Officer of the College are separate.

Appointments to the Corporation

The Corporation has established a Search & Governance Committee, which is required to advise on the appointment of External members and on the re-appointment of existing members upon completion of their current term of office. The Committee will review on a regular basis those terms of office that are due to expire and will seek to ensure that periods of time when the board is below full membership are minimised.

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee, which at 31 July 2019, comprised of the Chair of the Corporation, the Accounting Officer, the Chairs of the Finance & Resources and the Audit Committees, and one other Governor. The Committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

The Search & Governance Committee meets at least on a termly basis and is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. The committee is also responsible of ensuring that the Board comprises of individuals with the most appropriate balance of experience, skills and knowledge to help develop and support College strategy. In order to achieve this, the Committee requires procedures to be in place that enable the nomination selection and succession of the most capable governors. The committee is also responsible for undertaking an annual governance self-assessment and skills audit. The Corporation recognises the need for a detailed and effective self-assessment process that can then inform plans, actions and improvement in College Governance and core business performance. The skills audit continues to be a useful way of assessing the skills, knowledge and experience of the Corporation and in particular helps identify any skills gaps needed to deliver effective governance when planning to fill vacancies due to any upcoming end of term of office of governors.

The Corporation is committed to ensuring that:

- Members of the Corporation are appointed on merit, after an open and transparent selection process which complies with the requirements as set out in the Instrument and Articles of Government for the appointment of members
- Members are appointed with the necessary skills to ensure that the Corporation carries out its functions and responsibilities under the Articles of Government
- The Corporation membership is working towards reflecting the Community served by the College.
- Membership of the Corporation is drawn from the Community served by the College including representation from key partners

All members of the full Corporation are appointed for a term of up to 4 years, once renewable. In order to support succession planning, all membership expiry dates now run until the end of the term preceding/following the relevant anniversary (whichever is most appropriate), with the exception of the student governor whose appointment is from Easter to Easter. The Terms of Office for the Chair and Vice-Chair of the Corporation now also run in line with the academic year, rather than expiring mid-term.

During 2018-19, two new Governors and one new co-opted member were appointed by the Corporation, on

Statement of Corporate Governance and Internal Control

recommendation of the Search & Governance Committee. Two existing external governors were also re-appointed.

Corporation performance

The attendance of the governors is shown in the table above. Each year the Governing Body contributes to the overall self-assessment process and the grade for leadership and management includes a consideration of governor performance.

The Corporation self-assessed its own performance for 2018-19 as outstanding on the Ofsted scale. The Governance arrangements at the College continue to enable “governors to take an effective lead in planning, and provide strong support and challenge to senior leaders to ensure that they maintain the drive for improvement” (Ofsted 2016). Areas for development inform the governance quality improvement plan which is monitored by the Search and Governance Committee throughout the year. In an effort to further enhance governance, performance monitoring all Committees are asked to undertake annual self-assessment checklists on its operation, duties and compliance with its terms of reference to feed into the Self-Assessment Review process. Members are also asked to consider how the Committee’s work has impacted/ contributed to the overall work of Governing Body during this academic year.

Remuneration Committee

During 2018-19, the Remuneration Committee met twice during the Autumn and Spring term. Throughout the year ending 31 July 2019, the College’s Remuneration Committee comprised of the Chair of the Corporation, the Chair of Finance & Resources and two Governors. The Committee’s responsibilities for this reporting period was to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and **the Clerk**. Members, when considering whether to support a pay reward and at what level, take into account and balance the following factors:

- the performance of the individual concerned against personal and institutional objectives;
- how the salary compares with similar organisations;
- to be mindful of local and national sensitivities and constraints
- National Guidance and Frameworks (if available)

Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the financial statements.

In April 2019, the Corporation on recommendation from the Remuneration Committee agreed to formally adopt the AoC’s Senior Staff Remuneration Code as of 1st September 2019; for the Corporation was satisfied with the supporting principles of the code namely - A fair, appropriate and justifiable level of remuneration, Procedural fairness; and transparency and accountability.

In formally adopting the AoC’s Remuneration Code, the Corporation, in April 2019, also agreed it necessary to undertake a constitutional review of the Remuneration Committee. It was subsequently agreed appropriate for the Committee to further support the Corporation in fulfilling its responsibility of setting a framework for the pay and conditions of service of all other staff; by including personnel matters for all staff groups into the committee’s terms of reference. It was also determined that the Remuneration Committee was to be tasked with assessing the appropriate level of Overall Assurance in relation to each of the strategic risks for which it had been assigned responsibility of by the Corporation. It was agreed necessary for the Committee to be rebranded as the Remuneration and Personnel Committee from September 2019.

The terms of reference for the Remuneration & Personnel Committee as of September 2019 are:

1. To recommend and oversee the recruitment process for all senior post holder vacancies
2. To recommend to the Corporation on the appointment of Senior Post Holders
3. To recommend to the Corporation the policy, framework and criteria for determining the remuneration of senior post holders
4. To recommend to the Corporation the salaries and terms and conditions of service of all Senior Post Holders following feedback on their annual appraisals and having regard to comparative data (as appropriate)
5. To consider the public interest and the safeguarding of public funds, alongside the interests of the College

Statement of Corporate Governance and Internal Control

- when considering all forms of payment, reward and severance to staff within its remit
6. To oversee HR strategy, processes and policies, including recruitment and retention, staff sickness and performance management, learning and development; making recommendations to the Corporation
 7. To consider and advise the Corporation on any pay award recommendations from the National Joint Council
 8. To recommend and oversee the process for Governor Reimbursement where, due to exceptional circumstances, it is recognised that the time and input required from nominated Governor(s) is over and above what is regarded as normal role expectations
 9. To assess the appropriate level of Overall Assurance in relation to each of the specific risks for which this Committee has been assigned responsibility by the Corporation

In the interests of transparency and accountability the Corporation's remuneration policy and procedure is published on the College's website; alongside the Remuneration & Personnel Committee's terms of reference. This makes clear that the College is committed to exhibiting best practice in all aspects of corporate governance and that the Corporation endeavours to conduct its business in agreement with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

In accordance with the AoC's Remuneration Code, the Remuneration and Personnel Committee will in future produce an annual remuneration report to the Corporation and publish an annual statement within the members report and financial statements (for period 1st August 2019 – 31st July 2020). This will provide additional assurance to all stakeholders that the Remuneration & Personnel Committee continues to effectively discharge its responsibilities.

Finance Committee

The Finance and Resources committee comprises of 3 members of the Corporation and two co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The remit of the Finance & Resources Committee is to monitor the College's financial position in accordance with the budget and financial assumptions set by the Corporation. The committee is to also determine the arrangements, policies and procedures for maintaining solvency, safeguarding assets and the effective and efficient use of resources and make recommendations relating thereto and advise the Corporation accordingly.

The Committee is to also track the College's compliance with Health and Safety Requirements and make recommendations to the Corporation and advise the Corporation on any Health and Safety Policies and Procedures.

The Committee also oversees, on behalf of the Corporation, all new ventures of the College where the value is at or above the approved limit as per the Colleges Financial Regulations. (A new venture shall be defined as any substantial arrangement entered into for business purposes, whether extending the College's provision, or of a commercial nature). The Committee shall provide regular progress updates to the Corporation.

Audit Committee

At 31 July 2019, the Audit Committee comprised the Chair of the Committee and three other members of the Corporation (excluding the Accounting Officer and 'Chair') and two co-opted members. It is a condition of funding through the Financial Memorandum that College corporations must establish an Audit Committee. The committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

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

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

Statement of Corporate Governance and Internal Control

Committee. Management are responsible for the implementation of agreed recommendations, which are monitored at each Audit Committee meeting. Internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

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

The Audit Committee advises the Corporation on the adequacy and effectiveness of the College's assurance framework via its annual report in which it also accounts the measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities.

In June 2019, the Committee determined that the existing Code of Practice and Procedure on Whistleblowing continues to reflect good practice initiatives and remains procedurally compliant with relevant legislation for how the College is to manage and respond to any raised concerns. The policy is available to all stakeholders via the website and via Moodle (the College's virtual learning environment).

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 Accounting Officer for maintaining a sound system of financial control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Huddersfield New College and the Funding Body. She 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 Huddersfield New College for the year ended 31 July 2019 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 period ending 31 July 2019 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;

Statement of Corporate Governance and Internal Control

- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

Huddersfield New College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. As a minimum annually, Tiaa - the internal auditors', provide the Corporation with a report on internal audit activity in the College.

The Audit Committee's annual report for the year 2018-19 concludes that the College has an adequate and effective system of risk management, controls and governance processes underpinned by the Board Assurance Framework. The Board Assurance Framework comprises of:

- Governance processes
- A defined Risk Policy and Appetite statement
- Identification, evaluation and management of significant risks
- Assurance and audit processes
- The underlying policy and control environment

The Internal Auditor's unqualified opinion for the year 2018-19 also confirms that the Corporation can take substantial assurance that the controls upon which the organisation relies to manage areas of risks audited are **suitably** designed, consistently applied and effective.

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. Her 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; and
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

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

The Accounting Officer and the Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Accounting Officer and Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, 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 the Corporation receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the Audit Committee and internal audit, and taking account of events since 31 July 2019.

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

Statement of Corporate Governance and Internal Control

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 12 December 2019 and signed on its behalf by:



Ms L Summers
Chair



Mrs AM Williams
Accounting Officer

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



The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with Education & Skills Funding Agency terms and conditions of funding, under the funding agreement in place between the College and the Education and Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the funding agreement.

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 College, or material non-compliance with the Education and Skills Funding Agency's terms and conditions of funding under the College's funding agreement.

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

During the year an external fraud was found to have taken place. The detail of this was reported to the ESFA on the 12th September 2019. An internal investigation was carried out following this to ensure controls are robust and followed at all times.

Approved by order of the members of the Corporation on 12 December 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'L Summers'.

Ms L Summers
Chair

A handwritten signature in black ink, appearing to read 'A Williams'.

Mrs AM Williams
Accounting Officer

Statement of the Responsibilities of the Members of the Corporation

The members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the Funding Agreement agreed between the Education and Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the College Accounts Direction for 2017-18 financial statements issued by the Education and Skills Funding Agency, and which give a true and fair view of the state of affairs of the College and the result 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College 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 the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that 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 Education and Skills Funding Agency are used only in accordance with the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 12 December 2019 and signed on its behalf by:



Ms L Summers
Chair

Independent Auditor's report to the Corporation of Huddersfield New College

Opinion

We have audited the financial statements of Huddersfield New College (the 'College') for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
give a true and fair view of the state of the College's affairs as at 31 July 2019, and of its income and expenditure and cash flows for the year then ended;
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's report to the Corporation of Huddersfield New College

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice 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; or the financial statements are not in agreement with the accounting records and returns; or we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 17, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by Skills Funding Agency.

Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required 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 for any other purpose or for or to any other person, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink, appearing to read "Wylie & Bisset LLP".

WYLIE & BISSET LLP
168 Bath Street
Glasgow
G2 4TP

16 December 2019

Reporting Auditor's Assurance report on Regularity

To the Corporation of Huddersfield New College and the Secretary of State for Education acting through the Education & Skills Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the financial memorandum with Education and Skill Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Huddersfield New College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Huddersfield New College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Huddersfield New College and the Department 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 Huddersfield New College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Huddersfield New College and the reporting auditor

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Reporting Auditor's Assurance report on Regularity

The work undertaken to draw to our conclusion includes:

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

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year the Clerk to the Board made us aware of an external fraud which had taken place. The detail of this was reported to the ESFA on the 12th September 2019. An internal investigation was carried out following this to ensure controls are robust and followed at all times.

A handwritten signature in black ink, appearing to read "Wylie & Bisset LLP".

WYLIE & BISSET LLP
168 Bath Street
Glasgow
G2 4TP

16 December 2019

Statement of Comprehensive Income

For the year ended 31 July 2019

		2019	2018
	<i>Note</i>	£000	£000
Income			
Funding body grants	2	11,054	10,800
Other income and grants	3	334	346
Tuition fees and Education contracts	4	174	141
Investment income – Other interest receivable		21	14
		<u>11,583</u>	<u>11,301</u>
Total income			
Expenditure			
Staff costs	5	8,389	8,077
Restructuring costs	5	47	48
Other operating expenses	7	2,405	2,249
Depreciation	10	911	875
Interest and other finance costs	8	135	140
		<u>11,887</u>	<u>11,389</u>
Total expenditure			
Surplus/(Deficit) before other gains and losses		(304)	(88)
(Loss)/ surplus on disposal of fixed assets		(1)	(27)
		<u>(305)</u>	<u>(115)</u>
Surplus/(Deficit) before tax		(305)	(115)
Taxation		9	-
		<u>-</u>	<u>-</u>
Surplus/(Deficit) for the year		(305)	(115)
Actuarial (Loss)/gain in respect of pension schemes		21	329
		<u>(1,516)</u>	<u>329</u>
Total Comprehensive Income for the year		(1,821)	214
		<u>(1,821)</u>	<u>214</u>
Represented by:			
Restricted Comprehensive Income		-	-
Unrestricted Comprehensive Income		(1,821)	214
		<u>(1,821)</u>	<u>214</u>
		<u>(1,821)</u>	<u>214</u>

Statement of Changes in Reserves

For the year ended 31 July 2019

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 31st July 2018	7,297	6,832	14,129
Deficit from the income and expenditure account	(305)	-	(305)
Other comprehensive income	(1,516)	-	(1,516)
Transfers between revaluation and income and expenditure reserves	152	(152)	-
Total comprehensive income/ (deficit) for the year	(1,669)	(152)	(1,821)
Balance at 31 July 2019	5,628	6,680	12,308

Balance Sheet

As at 31 July 2019

	<i>Note</i>	2019 £000	2018 £000
Non Current assets			
Tangible Fixed assets	10	21,832	21,673
Current assets			
Trade and other receivables	11	175	286
Investments	12	1,506	1,488
Cash and cash equivalents	17	1,085	1,128
		<hr/>	<hr/>
		2,766	2,902
Creditors: Amounts due within one year	13	(1,572)	(1,545)
		<hr/>	<hr/>
Net current assets		1,194	1,357
		<hr/>	<hr/>
Total assets less current liabilities		23,026	23,030
Creditors: Amounts due after more than one year	14	(6,331)	(6,438)
Provisions			
Defined Benefit obligations	21	(4,120)	(2,215)
Other provisions	16	(267)	(248)
		<hr/>	<hr/>
Net assets		12,308	14,129
		<hr/> <hr/>	<hr/> <hr/>
Unrestricted Reserves			
Income and expenditure account (including pension reserve)		5,628	7,297
Revaluation reserve		6,680	6,832
		<hr/>	<hr/>
Total unrestricted reserves		12,308	14,129
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 23 to 46 were approved and authorised for issue by the Corporation on 12 December 2019 and were signed on its behalf by:



Mrs L Summers
Chair



Mrs AM Williams
Accounting Officer

Statement of Cash Flows

	<i>Note</i>	2019	2018
		£'000	£'000
Cash flow from operating activities			
(Deficit) for the year		(305)	(115)
Adjustment for non-cash items			
Depreciation		911	875
Deferred grants released to income		(164)	(195)
Decrease/ (increase) in debtors		111	61
(Decrease)/ increase in creditors due within one year		23	(142)
Increase/(Decrease) in provisions		19	(4)
Pensions costs less contributions payable		389	224
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(21)	(14)
Interest payable		77	82
Taxation paid		-	-
Loss on disposal of fixed assets		1	27
Net cash flow from operating activities		<u>1,041</u>	<u>799</u>
Cash flows from investing activities			
Deferred grants received to acquire fixed assets		177	-
Proceeds from disposal of tangible fixed assets		-	-
Investment income		21	14
Withdrawal of deposits		-	22
New deposits		18	-
Payments made to acquire fixed assets		(1,108)	(730)
		<u>(892)</u>	<u>(694)</u>
Cash flows from financing activities			
Interest paid		(77)	(82)
Repayments of amounts borrowed		(115)	(110)
		<u>(192)</u>	<u>(192)</u>
(Decrease)/ increase in cash and cash equivalents in the year		<u>(43)</u>	<u>(87)</u>
Cash and cash equivalents at beginning of the year	17	1,128	1,215
Cash and cash equivalents at end of the year	17	1,085	1,128

Notes

1. Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Going concern

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

The College currently has £1.34million of loans outstanding with bankers on terms negotiated in 2007. The terms of the existing arrangement are for the remaining 9 years of the loan. The College's forecasts and financial projections indicate that it will be able to service the existing loans and covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Notes

Accounting for post-employment benefits

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

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

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

Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Short-term Employment benefits

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

Enhanced Pensions

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

Non-current assets - Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority (and freehold buildings constructed since incorporation) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years, or 10 years in the case of the one modular building. The College has a policy of depreciating major capital adaptations to buildings over the period of their useful life of 50 years.

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

Notes

account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Tangible fixed assets (continued)

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

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

Land and buildings

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were last revalued in 2013 as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets, it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Assets capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at depreciated replacement cost as estimated by senior leadership at the College.

All equipment is depreciated on a straight-line basis over its remaining useful economic life to the College as follows:

- General equipment - 15% or 20% per year; and
- Computer equipment - 20% or 25% per year.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

In relation to equipment disposals, each year the College updates the fixed asset register for items that have been disposed of, and adjusts the equipment cost, accumulated depreciation and net book value, with any surplus/loss on disposal being recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

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

Notes

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading the lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it is only exempt on certain 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.

Liquid resources

Liquid resources represent sums on short-term deposits with the College bankers and other recognised banks and building societies.

Cash

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

Provisions

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

Notes

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds under the 'College Bursary Scheme'. Related payments received from the main funding body and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 24, except for the 5 per cent of the College Bursary Scheme grant paid only, which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of the Bursary Scheme and other discretionary support fund applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit

Other key sources of estimation uncertainty

Tangible fixed assets

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. 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.

Notes

2. Funding body grants

	2019 £000	2018 £000
Education & Skills Funding Agency recurrent grant	10,524	10,396
Education & Skills Funding Agency non recurrent grants	366	209
Releases of government capital grants	164	195
	<u>11,054</u>	<u>10,800</u>

3. Other income and grants

	2019 £000	2018 £000
Catering and residences	81	87
Erasmus	44	-
Miscellaneous income	209	259
	<u>334</u>	<u>346</u>

4. Tuition fees and Education Contracts

	2019 £000	2018 £000
Fees for HE loan supported courses	174	141
	<u>174</u>	<u>141</u>

5. Staff numbers and costs

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

	2019 Number	2018 Number
Teaching staff	104	102
Non - Teaching staff	80	91
	<u>184</u>	<u>193</u>

The numbers above do not include estimates of the staff numbers employed through contracting out arrangements.

Notes

Staff costs for the above persons were as follows:

	2019 £000	2018 £000
Wages and salaries	6,420	6,200
Social security costs	588	592
Other pension costs (note 22) (including FRS 102 adjustments of £331,000, (2018: £166,000))	1,239	1,053
	<hr/>	<hr/>
Payroll sub-total	8,247	7,845
Contracted out staffing costs	142	232
	<hr/>	<hr/>
Exceptional re-structuring costs	8,389 47	8,077 48
	<hr/>	<hr/>
Total staff costs	8,436	8,125
	<hr/> <hr/>	<hr/> <hr/>

6. Key management personnel

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 Senior Leadership Team

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

	2019 No.	2018 No.
The number of key management personnel including the Accounting Officer was:	<u>10</u>	<u>8</u>

Notes

The number of key management personnel and other staff who received annual emoluments, excluding employers' pension and social security costs, but including benefits in kind, in the following ranges was:

	2019 Key management personnel	2018 Key management personnel
£15,001 to £20,000	1	-
£20,001 to £25,000	1	-
£25,001 to £30,000	1	-
£30,001 to £35,000	1	1
£40,001 to £45,000	1	1
£45,001 to £50,000	1	-
£50,001 to £55,000	-	3
£55,001 to £60,000	2	-
£60,001 to £65,000	-	1
£65,001 to £70,000	1	1
£110,001 to £120,000	1	1
	<hr/>	<hr/>
	10	8
	<hr/> <hr/>	<hr/> <hr/>

No other staff received annual emoluments, excluding employers' pension and social security costs, in excess of £60,000.

The key management personnel emoluments, as above, are made up as follows:

	2019 £000	2018 £000
Salaries	472	482
Employers' social security costs	53	57
Benefits in kind	-	-
Pension contributions	63	77
	<hr/>	<hr/>
Total emoluments	588	616
	<hr/> <hr/>	<hr/> <hr/>

There were no emoluments due to key management personnel that were waived during the year, nor any salary sacrifice arrangements in place.

Notes

The above emoluments include amounts payable to the Accounting Officer, who is also the highest paid officer, totalling:

	2019	2018
	£000	£000
Salaries	113	112
Benefits in kind	-	-
Pension contributions	19	18
	<hr/>	<hr/>
	132	130
	<hr/> <hr/>	<hr/> <hr/>

The Accounting Officer's Pay as a multiple of the median pay is as follows:

	2019	2018
	£000	£000
Accounting Officer Salary	113	112
Median Salary	24	24
	<hr/>	<hr/>
Multiple	4.71	4.67
	<hr/> <hr/>	<hr/> <hr/>

	2019	2018
	£000	£000
Accounting Officer Total Emoluments	132	130
Median Total Emoluments	27	26
	<hr/>	<hr/>
Multiple	4.88	5.00
	<hr/> <hr/>	<hr/> <hr/>

The pension contributions in respect of the Accounting Officer and key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme or West Yorkshire Pension Fund and are paid at the same rates as for other employees.

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

Notes

7. Other operating expenses

	2019 £000	2018 £000
Teaching costs	561	556
Non - teaching costs	1,315	1,194
Premises costs	529	499
	<u>2,405</u>	<u>2,249</u>

	2019 £000	2018 £000
Other operating expenses include:		
Auditors remuneration:		
Financial statements audit	15	15
Internal audit	8	8
Hire of assets under operating leases	45	39
(Loss) on disposal of tangible fixed assets	(1)	(27)
	<u> </u>	<u> </u>

8. Interest payable

	2019 £000	2018 £000
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	4	4
Repayable in more than five years, by instalments	73	78
FRS102 Pension finance cost (note 21)	58	58
	<u>135</u>	<u>140</u>

9. Taxation

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

Notes

10. Tangible fixed assets

	Freehold land and buildings £000	Assets in the Course of Construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2018	22,797	94	4,428	27,319
Additions	539		532	1,071
Transfer	94	(94)	-	-
Disposals	-	-	(29)	(29)
At 31 July 2019	23,430	-	4,931	28,361
Depreciation				
At 1 August 2018	2,232	-	3,414	5,646
Charge for year	469	-	442	911
Elimination in respect of disposals		-	(28)	(28)
At 31 July 2019	2,701	-	3,828	6,529
Net book value				
At 31 July 2019	20,729	-	1,103	21,832
At 31 July 2018	20,565	94	1,014	21,673

If inherited fixed assets had not been re-valued, they would have been included at the following historical cost amounts:

	£000
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

Existing freehold land and buildings were re-valued on 31 July 2013 at a depreciated replacement cost of £20,090,000 by Eddisons Commercial, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. The value of other tangible fixed assets inherited from the Local Education Authority at incorporation in 1993 was estimated to be valued at £177,000 by the senior leadership of the College at the time on a depreciated replacement cost basis. The College had re-valued the freehold land and buildings every 5 years since incorporation up to July 2013, with interim valuations by the senior leadership of the College.

Freehold land and buildings includes land valued at £690,000 (2018: £690,000) which is not depreciated.

Notes

11. Trade and other Receivables

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade debtors	64	77
Prepayments and accrued income	111	209
	<u>175</u>	<u>286</u>

12. Current Investments

	2019 £000	2018 £000
Amounts falling due within one year:		
Short Term Deposits	1,506	1,488
	<u>1,506</u>	<u>1,488</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months, but less than 12 months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement.

13. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank loans	115	115
Payments received in advance	257	236
Trade creditors	182	211
Other taxation and social security	256	276
Holiday pay accrual	380	375
Other accruals	211	165
Deferred income – government capital grants	171	167
	<u>1,572</u>	<u>1,545</u>

14. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Bank loans	1,111	1,226
Deferred income – government capital grants	5,220	5,212
	<u>6,331</u>	<u>6,438</u>

Notes

15. Maturity of debt

Bank loans

	2019 £000	2018 £000
Bank loans are repayable:		
Within one year	115	115
Between one and two years	121	121
Between two and five years	409	409
In more than 5 years	581	696
	<u>1,226</u>	<u>1,341</u>

Bank loans at 5.6 per cent, repayable by instalments falling due between 1 August 2019 and 31 August 2027 totalling £1,226,000, are unsecured.

16. Provisions for liabilities and charges

	Enhanced Pension £000
At 1 August 2018	248
Expenditure in the period	(17)
Transferred from Income and Expenditure Account	36
	<u>267</u>
At 31 July 2019	<u>267</u>

This provision relates to six former members of staff at the College, who were awarded enhanced pensions on early retirement in 1995, 2000 and 2007. The provision represents the present estimated value of likely future payments to these former employees over their remaining lives and continuing reduced payments to surviving spouses where applicable. These estimated values follow guidance and depend on current age, gender and marital status, and are calculated using principal assumptions for price inflation of 2.2% (2018: 1.3%) and a discount rate of 2.0% (2018: 2.3%)

17. Cash and cash equivalents

	At 1 August 2018 £000	Cash flow £000	At 31 July 2019 £000
Cash at bank and in hand	1,128	(43)	1,085
	<u>1,128</u>	<u>(43)</u>	<u>1,085</u>
Total	<u>1,128</u>	<u>(43)</u>	<u>1,085</u>

Notes

18. Capital commitments

	2019 £000	2018 £000
Commitments contracted for at 31 July	527	762

19. Lease Obligations

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

	<i>Other Equipment</i>	2019	2018
Not later than one year		42	39
Later than one year and not later than five years		135	13
Later than five years		-	-
		<u>177</u>	<u>52</u>

20. Contingent liabilities

The College had no contingent liabilities as at 31 July 2019 (2018: £nil)

Notes

21. Defined benefit obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non - teaching staff, which is managed by the West Yorkshire Pension Fund (WYPF). Both are defined benefit schemes.

Total pension cost for the year (note 5)	2019	2018
	£000	£000
Teachers' Pension Scheme: contributions paid	670	667
Local Government Pension Scheme:		
Contributions paid	221	225
FRS 102 charge	331	166
	<hr/>	<hr/>
	552	391
Enhanced pension (release)/ charge to Comprehensive Income Statement (staff costs)	17	(5)
	<hr/>	<hr/>
At 31 July 2019	1,239	1,053
	<hr/> <hr/>	<hr/> <hr/>

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). In the year ended 31 July 2010, the College considered the West Yorkshire Pension Fund scheme rules and associated members' literature and concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made.

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

Contributions amounting to £110,898 (2018: £114,373) were payable to the schemes as at 31 July 2019 and are included in creditors.

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Notes

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

Valuation of the Teachers' Pension Scheme

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £670,000 (2018: £667,000).

FRS 102

Under the definitions set out in Financial Reporting Standard 102 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 July 2019 were £308,000 (2018: £310,000), of which employers' contributions totalled £221,000 and employees' contributions totalled £87,000. The agreed contribution rates for future years are 14.7% for employers and between 5.5% and 8.5% dependent on salary for employees.

Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary, Aon.

	31 July 2019	31 July 2018
Inflation assumption (CPI)	2.2%	2.1%
Expected rate of salary increase	3.45%	3.35%
Future pensions increases	2.2%	2.1%
Discount rate	2.1%	2.8%
Pension accounts revaluation rate	2.2%	2.1%

The expected return on scheme assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yield on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

On advice from our actuaries, we have assumed that 50% of employees retiring will take advantage of the option to commute part of their future annual pension to a lump sum payment on retirement.

Notes

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

	At 31 July 2019	At 31 July 2018
<i>Retiring today</i>		
Males	22.2	22.1
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	23.2	23.1
Females	27.2	27.1

The College's share of the assets in the scheme, and the expected rates of return were:

	Value at 31 July 2019 £000	Value at 31 July 2018 £000
Equities	6,730	5,960
Government Bonds	848	863
Other Bonds	308	280
Property	367	335
Cash/ Liquidity	180	176
Other	128	375
	<hr/>	<hr/>
Total market value of assets	8,561	7,989
Present value of scheme liabilities	(12,681)	(10,204)
(Liability) recognised on the Balance Sheet	<hr/> (4,120) =====	<hr/> (2,215) =====

Analysis of the amount recognised in the Comprehensive Income Statement

	2019 £000	2018 £000
Current service cost (net of employee contributions)	(175)	(166)
Past service cost	(156)	-
	<hr/>	<hr/>
Total operating charge	(331) =====	(166) =====

Analysis of pension finance cost/ income

	2019 £000	2018 £000
Expected return on pension scheme assets	224	196
Interest on pension scheme liabilities	(282)	(254)
	<hr/>	<hr/>
Pension finance (cost)	(58) =====	(58) =====

Notes

Other Amounts recognised in the Comprehensive Income Statement

	2019 £000	2018 £000
Actual return less expected return on pension scheme assets	358	178
Change in financial and demographic assumptions underlying the scheme liabilities	(1,874)	151
Past Service Gains	-	-
	<hr/>	<hr/>
Total amount recognised in Other Comprehensive Income	(1,516)	329
	<hr/> <hr/>	<hr/> <hr/>

Movement in deficit during year

	2019 £000	2018 £000
(Deficit) in scheme at beginning of year	(2,215)	(2,320)
Movement in year:		
Employer service charge (net of employee contributions)	(401)	(391)
Employer Contributions	226	225
Net interest	(58)	(58)
Actuarial gain	(1,516)	329
Past service cost	(156)	-
	<hr/>	<hr/>
(Deficit) in scheme at end of year	(4,120)	(2,215)
	<hr/> <hr/>	<hr/> <hr/>

Asset and Liability Reconciliation

	2019 £000	2018 £000
Reconciliation of Liabilities		
Liabilities at start of period	(10,204)	(9,809)
Service cost	(401)	(391)
Interest cost	(282)	(254)
Employee contributions	(90)	(85)
Actuarial (loss)/gain	(1,874)	151
Benefits paid	326	184
Past service cost	(156)	-
	<hr/>	<hr/>
Liabilities at end of period	(12,681)	(10,204)
	<hr/> <hr/>	<hr/> <hr/>

Notes

	2019	2018
	£000	£000
Reconciliation of Assets		
Assets at start of period	7,989	7,489
Expected return on assets	224	196
Actuarial gain	358	178
Employer contributions	226	225
Employee contributions	90	85
Benefits paid	(326)	(184)
	<hr/>	<hr/>
Assets at end of period	8,561	7,989
	<hr/> <hr/>	<hr/> <hr/>

22. Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £Nil; (2018 £Nil). Governors do not claim travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2018: None). No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

Transactions with the Education and Skills Funding Agency (ESFA) organisations are detailed in notes 2 and 23.

23. Amounts Disbursed as Agent

	2019	2018
	£000	£000
Discretionary support funds		
Funding body grants - discretionary bursaries	273	274
Disbursed to students - discretionary bursaries	(260)	(261)
Administration costs	(13)	(13)
	<hr/>	<hr/>
Balance unspent at 31 July included in creditors	-	-
	<hr/> <hr/>	<hr/> <hr/>

Funding body grants are available solely for students. In the majority of cases, the College acts as paying agent. The grants and disbursements have been excluded from the Statement of Comprehensive Income.