Knowsley Community College

St Helens College

St Helens College
Report and Financial Statements
for the year ended 31st July 2021

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Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

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

Simon Pierce, Principal and Chief Executive Officer; Accounting Officer

Rav Garcha, Deputy CEO and Chief Finance Officer

Mark Doyle, Deputy Principal

Board of Governors

A full list of Governors is provided on pages 18 - 21 of these financial statements.

Mrs Lorna Lloyd-Williams, Director of Governance, acted as Clerk to the Corporation throughout the year.

Registered Office:
Water Street,
St Helens, WA10 1PP

Principal Professional advisers:

Financial statements auditors and reporting accountants:
RSM UK Audit LLP
Bluebell House, Brian Johnson Way,
Preston, Lancashire, PR2 5PE

Internal auditors:
ICCA Education Training and Skills
11th Floor, McLaren House,
46 Priory Queensway,
Birmingham, B4 7LR

Bankers:
Lloyds Bank
13/15 Hardshaw Street
St Helens, WA10 1QZ

Legal Advisors:
Eversheds Sutherland (International) LLP
Eversheds House, 70 Great Bridgewater Street
Manchester, M1 5ES

Strategic Report

Overview

St Helens College plays an important role in the lives of thousands of individuals and employers who choose the College for their education and training needs. The College offers a broad and deep curriculum with a strong focus on vocational and technical training provision, which is offered at well-resourced sites throughout Knowsley and St Helens. The College does particularly well in attracting many hundreds of students onto its Construction courses and Health and Social Care provision continues to be popular. During the last year there were 475 students attending St Helens College for their higher education and over 750 apprentices in-learning and with overall apprenticeships achievement rates again expected to exceed 71%, despite the challenges associated with Covid-19. The College continues to work closely with the Liverpool City Region Combined Authority (LCRCA), local authorities and other stakeholders to ensure that the curriculum offer meets the current and future skills needs of the sub-region and contributes to the national skills agenda.

During 2020/21, the pandemic continued to have a profound impact on College operations; however, the College was able to support the needs of students and apprentices by switching to a remote delivery model. During lockdown periods, the College adopted a range of approaches to supporting students to learn remotely and continued to provide IT equipment and data to disadvantaged students Adult learners were more significantly affected by Covid with confidence and economic circumstances affecting both recruitment and retention on some courses. The College remains subject to an Education and Skills Funding Agency (ESFA) 'Financial Notice to Improve'; however, positive feedback from the Agency and the Further Education Commissioner strongly suggest that the notice may be removed in the near future. The early Ofsted Monitoring Visit in September 2021 confirmed that the College was making reasonable progress on most of the key themes for improvement, with significant progress in Apprenticeships.

The College is currently refreshing its overarching strategy, including a review of its mission, vision and values. An Estates Implementation Plan to support the Estates Strategy developed last year, will be presented to Governors in December 2021.

Legal status

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

The Corporation was incorporated as St Helens College of Arts and Technology. On 1 October 2001, the Secretary of State granted consent to the Corporation to change the College's name to St Helens College.

The College merged with Knowsley Community College on 12th December 2017. The legal status and name of St Helens College remained post-merger, with Knowsley Community College dissolving into St Helens College.

On 1st April 2019 St Helens College acquired Waterside Training Limited, a specialist industrial training provider.

Strategic Report (continued)

Mission, Vision, Strategy and Objectives

The College's current Mission Statement is "Transforming lives through excellence in education and training" and is underpinned by the following Statement of Aims:

1. to make a leading contribution to the welfare and economic development of our local communities, the Liverpool City Region by developing the curriculum and skills needed by employers and individuals;
2. to provide good value for taxpayers' money ensuring high quality education and training while ensuring strong financial health;
3. to be an inclusive College Group where each individual is respected, valued and safeguarded as part of an enjoyable, supportive and caring learning and working environment;
4. to ensure high levels of professionalism, integrity, strong work ethics, teamwork and innovation;
5. to ensure successful education, training and personal, social, moral, cultural and spiritual development and welfare for students ensuring that they are well prepared for life and work in Britain today;
6. to build students' confidence and employability skills, including English and maths, ensuring progression to further study or sustainable employment;
7. to achieve consistently high customer satisfaction from students, parents, employers and other stakeholders;
8. to provide leadership for local education and training partnerships.

Public Benefit

St Helens College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18-21.

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 identifiable public benefits through the advancement of education to approximately 7,500 students, including 77 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The College adjusts its courses to meet the needs of local employers and provides training to over 750 apprentices. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

The College's Public Value Statement is as follows:

Strategic Report (continued)

Public Value Statement (PVS)

The College seeks to add value to the social, economic, and physical well-being of the communities that we serve by:

1. providing education and training in accordance with the College's mission, statement of aims and values which maximise the life and job prospects of the individuals and meet the needs of the employers and the communities in general;
2. raising aspirations of individuals and the communities by promoting prospects and celebrating success;
3. ensuring a broad curriculum offer with good progression routes from entry level;
4. promoting healthy lifestyles and good citizenship skills to all students and colleagues;
5. being responsive to the changing needs and circumstances;
6. actively listening to and engaging with the stakeholders of the College aiming to provide the best possible service;
7. being a respectful and responsible employer;
8. always acting with corporate integrity.

Stakeholder Relationships

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

- Our students (current, future, and past);
- Our staff:
- Education sector funding bodies;
- FE Commissioner;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through a variety of channels including online media and face-to-face meetings.

FINANCIAL REVIEW

Financial results

The Group incurred a deficit before other gains and losses in the year of £1.9m (2019/20 – deficit of £3.1m). The gain before FRS102 pension adjustments was £0.3m (2019/20 – deficit of £1.2m). The improvement in performance has been driven by an increase in Group income of £1.0m (£30.3m to £31.3m) compared to 2019/20 primarily due to an increase in ESFA 16-19 funding (£13.2m to £15.0m), which has offset falls in Advanced Learner Loans (£1.2m to £0.9m), Higher Education fees (£2.8m to £2.6m) and Adult Education fees (£0.7m to £0.3m). The 16-19 funding included £0.5m for small group tuition funding to enable students to catch up post Covid-19. It is likely that Covid -19 had a negative impact on both the Advanced Learner Loans and Adult Education fee income, as well as on commercial income which is £0.5m (2019/20: £0.3m) below pre-Covid levels.

In addition, staff costs (before restructuring costs and FRS102 pension adjustments) have reduced by £1.0m from £19.4m to £18.4m due to a reduction in staffing numbers whilst other operating expenses increased slightly to £8.7m from £8.6m. Operating expenses have been impacted by Covid-19 with net savings of approximately £0.4m (2019/20 £0.4m) resulting from closure and reduced usage of the campuses.

Total comprehensive income was a gain of £4.7m (2019/20 – deficit of £6.8m). This includes an actuarial gain of £6.4m (2019/20 – loss of £3.8m) on revaluation of the Government pension scheme and a gain of £0.2m from the sale of a surplus building.

The Group has net liabilities at 31 July 2021 of £19.1m, which includes a cash balance of £3.3m, net current liabilities of £2.2m and a defined benefit pension liability of £34.6m.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21 the FE funding bodies provided 78% of the Group's total income (2019/20 75%).

The College has two subsidiary companies, Waterside Training Limited and Skills Northwest Limited. Waterside Training Limited, a specialist industrial training provider is 89% owned by the College. In the year to 31 July 2021 its turnover was £1,216k (2019/20: £1,347k) and it made an operating loss of £5k (2019/20 – gain of £58k), which was after gift aid payments of £232k (2019/20: £225k) to the College. It has net assets of £21k at 31 July 2021. Skills Northwest Limited is a dormant company.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and compliance with the requirements of the Financial Regulations.

The Group has no plans to increase its borrowings and is confident it can continue to pay its obligations as per the loan agreements.

Cash flows and liquidity

Net cash flow from operating activities was a healthy £2.4m (2019/20: £0.3m). The increase from the prior year reflects the improvement in earnings before interest and depreciation from £0.4m to £2.0m, as well as improved working capital management.

During the year the Group sold a property for £0.4m, of which £0.2m was utilised to pay down fixed rate bank loans.

The Group's cash flow was not negatively impacted because of Covid-19 in the year to 31 July 2021. Though, commercial income, advanced learner loans and adult education fee income have all been negatively impacted compared to pre Covid levels this was offset by the receipt of £0.25m in various Covid-19 related grants, £0.5m for small group catch up tuition and savings on premises, student travel and other services realised £500k.

The size of the Group's total borrowing and its approach to interest rates has been calculated to try and ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. This was achieved during 2020/21 with the £417k of interest paid clearly exceeded by the £2.4m of operating cash flow.

FUTURE DEVELOPMENTS AND PROSPECTS

The Governing Body agreed an ambitious Strategic Financial Plan with a goal of achieving net savings of £2,228k over a two-year period. As at July 2021, the College had achieved savings amounting to £2,011k and has targeted an additional £200k by July 2022. Therefore, the College is well positioned to invest in infrastructure with £1,257k ear-marked in the new financial year. Furthermore, the College, for the first time in over a decade will make a cost of living pay award and will continue to build a path to regular pay awards. During the year the Governing Body also approved a new Strategic Estates Plan which has its heart an ambition to reduce the overall footprint and delivering an estate that is modern and exceeds the expectations of our staff and learners providing an inspiration for teaching, learning and the student experience. The College has appointed a design team and firm of surveyors who will spend significant time consulting and liaising with stakeholders to develop a masterplan. The next year is one of consolidation and with continued momentum the financial position will continue to improve and deliver good financial health by July 2022.

Strategic Report (continued)

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of the organisation, and to ensure that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve deficit stands at £19.1m (2020: deficit £23.9m) which includes a deferred capital grant of £36.8m and pension liability of £34.6m. The Group has no restricted reserves at the 31 July 2021 (2020 £nil). It is the Group's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses. There has not been any material impact on the Group's reserves as a result of Covid-19.

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. In 2020/21, the College paid 56% of its invoices within 30 days of receipt. College standard policy is to pay invoices by the end of the month following the date of the invoice. During 2020/21, the College paid 99% of its invoices in accordance with its policy or with payment terms agreed with the supplier. The College incurred no interest charges in respect of late payment for this year.

Events after the end of the reporting period

There are no significant post balance sheet events.

RESOURCES

The Group employed an average of 548 staff during 2020/21 of whom 294 were teaching staff.

The Group enrolled approximately 7,500 students. The student population included 2,500 16 to 18 year old students, 2,700 funded adult learners, 1,000 fee paying adults, 750 apprentices and 475 higher education students.

The Group has £19.1m (2020: £23.9m) of net liabilities including £34.6m (2020: £38.8m) pension liabilities, £36.9m (2020: £36.6m) of deferred capital grants and long-term debt of £7.1m (2020: £7.4m). Cash held at the year-end was £3.3m (2020: £0.9m).

Tangible resources include a main campus at both St Helens town centre and in Knowsley as well as a technology centre in both locations and 4 other sites. The technology centre in St Helens undertook a £0.5m refurbishment during the year.

The College has a good reputation locally and nationally. In its latest Ofsted inspection in January 2020, it was rated 'Requires Improvement' for overall effectiveness, with a rating of Good for its Adult Learning Programmes. The College achieved an overall judgement of reasonable progress at the most recent Ofsted monitoring visit with significant progress in Apprenticeships and is working towards an overall Good rating at its next inspection. Maintaining a quality brand is essential for the College's success in attracting students and external relationships.

Strategic Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. The new Risk Management Framework was approved by the Governing Body and the work is overseen by the Audit Committee.

At an operational level all risks are managed locally and reviewed by the Risk Management Group who meet regularly throughout the year. The Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions and risk treatment which minimises the impact of headwinds whilst maximising the potential of any opportunities on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress in managing risk. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A Corporate Risk Register is maintained and reviewed at each meeting of the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to treat the risks. The Audit Committee further examines corporate risks through deep dives. Risk treatment and subsequent residual risk score is aligned to the corporate risk appetite agreed by the Governing Body.

Outlined below is a description of the principal risk factors that may affect the College. These are the significant risks identified by the Risk Management Group as having the highest residual risk score.

Corporate Risk Register Extract:

	Risk Identified	Residual Treatment
1	Fail to develop appropriate 16-18 offer and optimise delivery hours	• Effective Annual Curriculum Planning Process • Study Programme Hours • MIS reporting to determine and analyse Study Programme Hours and work placement • Ensure effective segmental marketing • Improve "study skills session" for students who already have a good Maths/English GCSE
2	Fail to retain 16-18 students during first 42 days	• Monitor student attendance from day 1. • Redirect students more rapidly to other programmes where it has been identified that they are not on the right programme. • HOS/ Director of 14-19 will closely monitor any withdrawal requests. • Operation Entry meetings held with HOS/ Director/ Academic and Progress Managers

3	Fail to meet targets for ALS by adequately assessing students' needs, provide appropriate support and document this adequately – thereby drawing down any funding for which we may be eligible	• Director and curriculum manager sample checks initial assessments. • Learning support manager and curriculum manager review support documented in pro-monitor. • Included in Internal Audit Programme for 20/21. • Regular reporting via Curriculum and Quality Group • CPD training for initial assessment. • Director to specify process for initial assessment. • Change process to claim element 3 funding to meet local authority needs. • Raise staff awareness in relation to the availability of support for students/apprentices with learning difficulties and/or disabilities. • Provide training for more staff to complete learning needs assessment. • Identify staff who can provide additional support and timetable support for students
4	Fail to develop appropriate adult offer, optimise delivery hours.	• Effective Annual Curriculum Planning Process • Annual post-enrolment evaluation • Increased subcontracting forecast to deliver more adult learners by £250k • Monthly profiling of adult enrolment to ensure early intervention
5	Fail to recruit sufficient apprentices	• Annual Curriculum Process – including scanning offer of competing providers. • Quality Improvement Plan • Analysis of Vector Data • Consultation with local employers • Deliver strand 4 capital scheme. • Find sponsors for other capital investment. • Leads to be revisited.
6	Fail to develop appropriate HE offer and optimise delivery hours.	• Annual Curriculum Process – including labour market and outcomes for students' information. • HE curriculum development group reviews. • Weekly review of admissions data by director and monthly reports to SLT on admission trends from October each month. • Daily reviews during clearing.

		• Annual post enrolment evaluation. • Reduced likelihood as HE over-recruited so assurances that targets will be achieved • Review HE offer and identify opportunities for growth to produce HE strategy
7	Fail to deliver full cost and other commercial income.	• Annual Curriculum Process – including scanning offer of competing providers • Quality Improvement Plan • Analysis of Vector Data • Consultation with local employers and other training providers. • Enrolments expected through year
8	Class sizes too low and contributions too low	• Robust curriculum planning process including guidelines. • Closely monitor enrolment at the start of the year and make quick decisions about the viability of classes where enrolment numbers are low • Quickly implement any decisions to close classes and take appropriate actions to adjust staffing levels accordingly • HoS and Directors will use MIS reports on class sizes and contributions. • Regular scrutiny of staff and room utilisation • Consider impact of COVID
9	Covid-19 impacts adversely on effectiveness of the College operations.	• Return to Campus Plan • Risk Assessments completed for all aspects of College business • Additional grant funding received from ESFA to assist with PPE and Testing • Focus on 21/22 curriculum delivery adaptation in response to Government guidance by curriculum senior staff. • Weekly monitoring of College attendance levels at senior and middle leader level. • Weekly monitoring of College retention levels at senior and middle leader level. • Focus on tutorial delivery and student engagement measures. • Focus on the enhanced use of ILT for the delivery of teaching, learning and assessment. • Testing of all vulnerable students who are unable to test remotely, on-site at SHTC and Kemble Building. • Distribution of home self-testing kits to students and staff. • Tutorials for students explaining the importance of testing. • Continued communications to staff and students of the importance of testing.

10	The College fails to achieve a Good outcome in the next Inspection	• Self-assessment process embedded in all curriculum areas, monitored by peer review panels • Termly reviews undertaken in all areas with action plans developed • Self-assessment report/QIP collated for whole College performance • Revised QIP developed to address inspection issues • Education Inspection Framework, including short notice inspections, embedded • Inspection-ready team in place • Inspection-ready action plan developed and external consultants engaged to provide inspection training and challenge. • Internal curriculum quality review process in place • HEI collaboration and • Apprenticeship progress review panels • Recovery Plan focus on quality • CPD programme focused on curriculum quality
11	The College may be susceptible to internal/external cyber-attacks	• Firewall at network perimeter – All ports blocked except ones required for college services • Gateway Anti-Virus, Anti-Spyware, Intrusion Prevention and Application Intelligence and Control • Investment in penetration testing and IT Services staff training • Mandatory staff training on cyber security • User phishing simulation testing • Emails filtered using Exchange Online Protection • Windows defender on all clients • Applocker – whitelists • Robust backup procedures
12	Serious breaches of legislation	• Professional updating. • Audit by regulatory bodies. • Liaison with legal and other professional advisers. • Reports to Corporation. • Data protection • Data protection policy • Health and Safety • Health and Safety Committee. • SHIP initiative; Risk Assessments. • Health and Safety reviews by external firm • Online essential training for all staff. • Support for management of stress. • Insurance compliancy review undertaken every 2 years.

		• Homeworking policy • c) Safeguarding • Clear structure of line management. • Protocol for managing allegations • Dedicated Safeguarding team • Essential online and induction training for all staff. • Policy and Procedures reviewed annually • All staff and Governors are DBS checked. • A Safeguarding Risk Assessment is completed for all placements and where employers are 'lone working' with the student, DBS checks are completed. • Risk Assessments undertaken for all students declaring unspent criminal convictions. • d) Environment: • Policies and Procedures are in place that are subject to regular reviews. • e) Equality and Diversity • Policies and Procedures regularly reviewed including Equality and Diversity Impact Measures • Essential online training for all staff.
13	Failure to implement Strategic Estates Plan	• Appoint an experienced firm of design consultants • Liaise with colleagues to ensure the estate is aligned to the needs of curriculum • Project Steering Group in place to oversee the implementation of the SEP • Estates Working Group in place to ensure Board member involvement and ownership • Focus meetings with key stakeholders including Heads of School and local Councils • Key Executive oversight and regular reporting to Executive • Alignment with St Helens Council Masterplan which is currently being completed

KEY PERFORMANCE INDICATORS

The Group's key performance indicators, targets and results are set out below.

Key Performance Indicator	Target per Strategic Recovery Plan 2020/21	Actual for 2020/21	Target for 2021/22
ESFA Financial Health Check	Requires Improvement	Requires Improvement	Good
Bank Covenant Measures (9)	All achieved	All achieved	All achieved
EBITDA/Income %	6.0%	6.6%	8.0%
Staff Costs/Income %[1]	65.0%	62.6%	60.0%
Student Attendance %[2]	90%	88%	90%
Average Class Size[2]	16	14	16

[1]includes sub-contractor costs but excludes employer pension revaluation costs
[2]Student attendance and average class size negatively impacted by Covid-19 and remote learning.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Group's financial position has strengthened during 2020/21, through an increase in 16-19 funding and the implementation of its strategic recovery plan which has led to staff cost savings. Though there are ongoing inherent uncertainties arising from the ongoing Covid-19 crisis, the Governors and Senior Management Team believe this is appropriate.

Cash flow forecasts have been prepared for the period through to July 2023, both on a conservative and pessimistic basis, incorporating potential risks to funding income, other income streams and costs. These forecasts indicate that even at cash low points the Group will continue to have sufficient cash to be able to continue to trade.

Covid-19 has not had a material impact on the Group's finances. Though the College saw a reduction in the number of adult learners who self-finance their courses and there have been additional costs of Covid-19 related personal protection equipment this has been offset by additional Covid related funding and cost savings in areas such as facilities, catering, and student bus travel due to the lockdowns.

The continued impact of the implementation of the strategic recovery plan and the revised estates strategy will further enhance the Group's underlying financial performance.

Therefore, the Corporation, based on a review of the cash forecasts prepared, are confident the Group will be able to continue to trade, and that there will be no breaches of the Bank's covenants.

EQUALITY AND DIVERSITY

Equality

St Helens College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat discrimination. The Group's Equality and Diversity Policy is published on the College's Intranet and external website.

St Helens College undertakes to publish an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. Equality impact assessments are undertaken as and when required.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues and that opportunities for training, career development and promotion are identical opportunities to those of non-disabled employees.

Disability statement

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

a) The College is accessible to students and staff with a disability. The College regularly reviews the accessibility of its estates to disabled students and staff.

b) Advice and support are available to all potential students prior to enrolment and throughout their programme. The College will identify individual learning needs on the application form, at interview, through the enrolment process and throughout their time at the College.

c) The College will provide specialist equipment, as appropriate and reasonable, for use by students and staff dependent upon the nature of their disabilities.

d) The College has a Complaints policy and procedure for any students to make a formal complaint if they believe they have not been treated fairly at any time during the admissions process or whilst studying at the College.

e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

g) Counselling, welfare, health, wellbeing and safeguarding services are available to all students and staff within the College.

h) Careers advisors are available to provide information and guidance on the range of programmes available to students with disabilities and/or learning difficulties and next step opportunities.

Gender Pay Gap Reporting

	Year ending 31 March 2020
Mean gender pay gap	8.0%
Median gender pay gap	27.5%
Mean bonus gender pay gap	N/A
Median gender bonus gap	N/A
Proportion of males/females receiving a bonus	N/A

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	29.1%	70.9%
2 – Lower middle quartile	37.1%	62.9%
3 – Upper middle quartile	50.9%	49.1%
4 – Upper quartile	57.9%	42.1%

The college publishes its annual gender pay gap report on its website.

Strategic Report (continued)

Trade union facility time

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

Numbers of employees who were union officials during the relevant period	FTE employee number
4	4

Percentage of time on facility hours	Number of employees
0%	-
1-50%	4
51-99%	-
100%	-

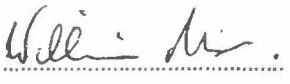
Total cost of facility time £000	£9k
Total pay bill £000	£21k
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	100%

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group'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 Group's auditors are aware of that information.

Approved by order of the members of the Corporation on 9th December 2021 and signed on its behalf by:



Bill Nixon

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

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
iii. having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code except that some governors may serve more than two terms in exceptional circumstances. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which was adopted by the merged college on the 17th May 2018.

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

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

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance*
Elaine Brocklehurst	1998 – July 2021	23years	July 2021	External Governor	Finance, Resources& Curriculum; Quality & outcomes; Strategic Curriculum Planning, Performance & remuneration; HE committee	7 out of 7 possible scheduled GB meetings
Susan Jee	2009 – July 2021	12 years	July 2021	Chair (from March 2017) External Governor	Finance, Resources& Curriculum, Performance and remuneration; Search and Governance (Chair)	7 out of 7 possible scheduled GB meetings
Jim Pinsent	2015-2019 2019-2023	8 years	n/a	Joint Vice-Chair External Governor	Finance, Resources& Curriculum; Performance and Remuneration (Chair); Search and Governance	9 out of 9 scheduled GB meetings
Keith Sanderson	2013 – 2017 2017 –July 2021	8 years	July 2021	External Governor	Finance, Resources & Commercial	7 out of 7 possible scheduled GB meetings

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance*
Nick Shore	2017 – 2025	8 years	n/a	External Governor	Performance & remuneration, Finance Resources & Commercial, HE committee	4 out of 9 scheduled GB meetings
Julie Heap	2016-2024	8 years	n/a	Staff Governor	Quality & Outcomes	7 out of 9 scheduled GB meetings
Benjamin Bennett- Stanley	2016-2024	8 years	n/a	Staff Governor	Strategic Curriculum Planning, HE committee	6 out of 9 scheduled GB meetings
Philip Han	2018-2022	4 years	n/a	External Governor	Finance, Resources & Commercial (Chair)	9 out of 9 scheduled GB meeting
Alison Cannon	2018-2022	4 years	n/a	External Governor	Audit Search & Governance	8 out of 9 scheduled GB meetings
John Heritage	2019-2023	4 years	n/a	External Governor	HE committee Audit	6 out of 9 scheduled GB meetings
Debbie Calderbank	May 2019	4 years	n/a	External Governor	Audit (Chair)	7 out of 9 scheduled GB meetings
Sophie Littlewood	February 2020	4 years	n/a	External Governor	Quality & Outcomes	7 out of 9 scheduled GB meetings
David Balsamo	February 2020	4 years	n/a	External Governor	HE Committee (Chair)	6 out of 9 scheduled GB meetings

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance*
Liz Duncan	May 2020	4 years	n/a	External Governor	Quality & Outcomes	6 out of 9 scheduled GB meetings
David Collum-Marsh	August 2020 – July 2021	1 year	July 2021	Student Governor	none	0 out of 4 possible scheduled meetings
Kersha Mansfield	August 2020 – July 2021	1 year	July 2021	Student Governor	none	1 out of 4 possible scheduled meetings
Simon Pierce Principal	August 2020	n/a	n/a	Ex-officio Principal	Finance, Resources & Commercial; Quality & Outcomes; Search and Governance;	9 out of 9 scheduled GB meetings
Zulakha Desai	March 2021	4 years	n/a	External Governor	HE Committee	5 out of 5 scheduled GB meetings
Andrew Lang	March 2021	4 years	n/a	External Governor	Audit Committee	5 out of 5 scheduled GB meetings
Alun Owen	March 2021	4 years	n/a	External Governor	Finance, Resources & Commercial; Quality & Outcomes	3 out of 5 scheduled GB meetings

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance*
Bill Nixon	July 2021	4 years	n/a	Chair (from July 2021) External Governor	Search & Governance; Performance and Remuneration;	2 out of 2 scheduled GB meetings
Alicja Gwiazda	August 2021 to July 2022	1 year	n/a	Student Governor	None	n/a

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 each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance Resources and Commercial, Quality & Outcomes, Strategic Curriculum Planning, Performance & Remuneration, Search & Governance, HE and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.sthelens.ac.uk or from the Director of Governance at:

St Helens College
Water Street
St Helens
WA10 1PP

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

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

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

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

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Appointments to the Corporation

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

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

Corporation performance

The Corporation participated in a board review during the academic year 2020/21 and agreed actions from that were incorporated into a governance quality improvement plan. The Corporation through its Search & Governance committee monitors progress against this plan throughout the academic year.

Remuneration Committee

Throughout the year ending 31 July 2021 the College's Performance and Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel. The Corporation adopted The Colleges Senior Postholder Remuneration Code in May 2019 and complies with the minimum requirements of this.

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

Audit Committee

The Audit Committee comprises four members of the Corporation and a co-opted member (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

The Audit Committee met 4 times during the year to 31 July 2021. The committee and their attendance records are as follows:

Committee Member	**Meetings Attended**
Debbie Calderbank	4 of 4
Alison Cannon	4 of 4
John Heritage	2 of 4
Paul Christian	4 of 4
Andrew Lang	1 of 1

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Memorandum between St Helens College and the funding bodies and the OfS registration conditions. The Principal 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 St Helens College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls and arrangements for compliance with legal and regularity matters including those relating to the regularity and propriety of the use of public funding, 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 2021 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 governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

St Helens 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 risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At a minimum, annually, the Head of Internal Audit (HIA) provides the Audit Committee with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- the work of the internal auditors

- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance and the appointed funding auditors, in their management letters and other reports.

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

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

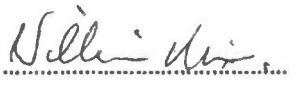
The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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*".

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. See accounting policy section, page 39, for further detail.

Approved by order of the members of the Corporation on the 9th December 2021 and signed on its behalf by:



Bill Nixon

Chair of Governors

Simon Pierce

Principal and 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 & Skills Funding Agency of material irregularity, impropriety and non-compliance with Education & Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Education & Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the Education & Skills Funding Agency.

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 & Skills Funding Agency's terms and conditions of funding under the College's grant funding agreements and contracts with the Education & Skills Funding Agency, or any other public funder.

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

Bill Nixon

Chair of Governors

Date: 9 December 2021

Simon Pierce

Principal and Accounting Officer

Date: 9 December 2021

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, with the College Accounts Direction issued by the ESFA and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the group and the parent College and the result for that year.

In preparing the group and parent College 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
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations or have no realistic alternative but to do so.

The Corporation is also required to prepare a Strategic Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the parent College, and which 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 such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation 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.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA 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 in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient, and effective management of the group and parent College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 9th December 2021 and signed on its behalf by:

Bill Nixon

Chair

Independent auditor's report to the Governing Body of St Helens College

Opinion

We have audited the financial statements of St Helens College (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2021 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated and college statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2020 to 2021 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

- the College's grant and fee income, as disclosed in the note 7 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Governing Body of St Helens College

As explained more fully in the Statement of the Governing Body's Responsibilities set out on pages 27 to 28, the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing

Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

The extent to which the audit was considered capable of detecting irregularities, including fraud.

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operate in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group and College is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

Use of our report
This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 28 October 2020. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

7/12/21

St Helens College

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	24,650	24,650	22,724	22,724
Tuition fees and education contracts	3	3,952	3,929	4,817	4,779
Other grants and contracts	4	860	826	727	698
Other income	5	1,815	1,624	2,055	1,597
Investment income	6	-	-	2	2
Total income		**31,277**	**31,029**	**30,325**	**29,800**
EXPENDITURE					
Staff costs	8	20,002	19,500	20,578	19,991
Fundamental restructure costs	8	838	838	526	526
Other operating expenses	9	8,683	8,842	8,630	8,750
Depreciation	12	2,628	2,628	2,540	2,540
Interest and other finance costs	10	1,033	1,033	1,154	1,154
Total expenditure		**33,184**	**32,841**	**33,428**	**32,961**
Deficit before other gains and losses		**(1,907)**	**(1,812)**	**(3,103)**	**(3,161)**
Profit on disposal of fixed assets		189	189	105	105
Deficit before tax		**(1,718)**	**(1,623)**	**(2,998)**	**(3,056)**
Taxation	11	-	-	-	-
Deficit for the year		**(1,718)**	**(1,623)**	**(2,998)**	**(3,056)**
Actuarial gain/(loss) in respect of pension schemes	25	6,451	6,451	(3,776)	(3,776)
Total Comprehensive income/(deficit) for the year		**4,733**	**4,828**	**(6,774)**	**(6,832)**

Deficit before other gains and losses		**(1,907)**	**(1,812)**	**(3,103)**	**(3,161)**
Defined Benefit Obligation FRS102 (LGPS)	25	1,623	1,623	1,208	1,208
Interest Charge FRS102 (LGPS)	25	616	616	714	714
Adjusted Operating Surplus/(Deficit)		**332**	**427**	**(1,181)**	**(1,239)**

All Comprehensive Income is Unrestricted.
All items of income and expenditure relate to continuing activities.

St Helens College

Consolidated and College Statements of Changes in Reserves

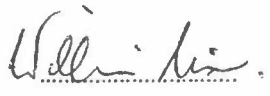
	Income and expenditure account	Restricted reserves	Total
	£'000	£'000	£'000
Group			
Balance at 1st August 2019	(17,077)	-	(17,077)
Deficit from the income and expenditure account	(2,998)	-	(2,998)
Other comprehensive deficit	(3,776)	-	(3,776)
Total comprehensive deficit for the year	(6,774)	-	(6,774)
Balance at 31st July 2020	(23,851)	-	(23,851)
Deficit from the income and expenditure account	(1,718)	-	(1,718)
Other comprehensive income	6,451	-	6,451
Total comprehensive income for the year	4,733	-	4,733
Balance at 31st July 2021	(19,118)	-	(19,118)
College			
Balance at 1st August 2019	(17,034)	-	(17,034)
Deficit from the income and expenditure account	(3,056)	-	(3,056)
Other comprehensive deficit	(3,776)	-	(3,776)
Total comprehensive deficit for the year	(6,832)	-	(6,832)
Balance at 31st July 2020	(23,866)	-	(23,866)
Deficit from the income and expenditure account	(1,623)	-	(1,623)
Other comprehensive income	6,451	-	6,451
Total comprehensive income for the year	4,828	-	4,828
Balance at 31st July 2021	(19,038)	-	(19,038)

St Helens College

Balance sheets as at 31st July 2021

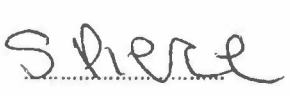
	Notes	Group	College	Group	College
		2021	2021	2020	2020
		£'000	£'000	£'000	£'000
Non-current assets					
Tangible Fixed assets	12	60,026	60,026	61,270	61,270
Investments	13	-	141	-	141
		60,026	**60,167**	**61,270**	**61,411**
Current assets					
Stocks		44	44	36	36
Trade and other receivables	14	1,729	1,888	1,451	1,491
Cash and cash equivalents	20	3,303	2,837	933	706
		5,076	**4,769**	**2,420**	**2,233**
Less: Creditors – amounts falling due within one year	16	(7,233)	(6,987)	(5,997)	(5,966)
Net current liabilities		**(2,157)**	**(2,218)**	**(3,577)**	**(3,733)**
Total assets less current liabilities		**57,869**	**57,949**	**57,693**	**57,678**
Creditors – amounts falling due after more than one year	17	(42,356)	(42,356)	(42,701)	(42,701)
Provisions					
Defined benefit obligations	19	(34,631)	(34,631)	(38,843)	(38,843)
Total net liabilities		**(19,118)**	**(19,038)**	**(23,851)**	**(23,866)**
Restricted reserves		-	-	-	-
Unrestricted Reserves					
Income and expenditure account		(19,118)	(19,038)	(23,851)	(23,866)
Total reserves		**(19,118)**	**(19,038)**	**(23,851)**	**(23,866)**

The financial statements on pages 33 to 63 were approved and authorised for issue by the Corporation on 9th December 2021 and were signed on its behalf by:



Bill Nixon

Chair



Simon Pierce

Principal / Accounting Officer

St Helens College

Consolidated Statement of Cash Flows

	Notes	2021	2020
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		(1,718)	(2,998)
Adjustment for non-cash items			
Depreciation	12	2,628	2,540
(Profit)/Loss on Sale of Fixed Assets		(189)	(105)
Release of Government capital grants		(1,417)	(1,401)
(Increase)/decrease in stocks		(8)	14
(Increase)/decrease in debtors	14	(278)	870
Increase/(decrease) in creditors due within one year	16	777	(1,036)
(Decrease)/increase in creditors due after more than one year	17	(57)	76
Pensions costs less contributions payable	25	2,239	1,922
Adjustment for investing or financing activities			
Investment income	6	-	(2)
Interest payable	10	417	440
Net cash flow from operating activities		**2,394**	**320**
Cash flows from investing activities			
Proceeds from sale of fixed assets	12	377	2,005
Capital grants received		1,503	182
Investment income	6	-	2
Payments made to acquire fixed assets	12	(1,262)	(494)
		618	**1,695**
Cash flows from financing activities			
Interest paid	10	(417)	(440)
Repayments of amounts borrowed	17	(225)	(2,109)
		(642)	**(2,549)**
Increase/(decrease) in cash and cash equivalents in the year		**2,370**	**(534)**
Cash and cash equivalents at beginning of the year	20	933	1,467
Cash and cash equivalents at end of the year	20	3,303	933

St Helens College

College Statement of Cash Flows

	Notes	2021	2020
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		(1,623)	(3,056)
Adjustment for non-cash items			
Depreciation	12	2,628	2,540
(Profit)/loss on sale of fixed assets		(189)	(105)
Release of Government capital grants		(1,417)	(1,401)
(Increase)/decrease in stocks		(8)	14
(Increase)/decrease in debtors	14	(397)	585
Increase/(decrease in creditors due within one year	16	562	(852)
(Decrease)/increase in creditors due after more than one year	17	(57)	76
Pensions costs less contributions payable	25	2,239	1,922
Adjustment for investing or financing activities			
Investment income	6	-	(2)
Interest payable	10	417	440
Net cash flow from operating activities		**2,155**	**161**
Cash flows from investing activities			
Proceeds from sale of fixed assets	12	377	2,005
Capital grants received		1,503	182
Investment income	6	-	2
Payments made to acquire fixed assets	12	(1,262)	(494)
		618	**1,695**
Cash flows from financing activities			
Interest paid	10	(417)	(440)
Repayments of amounts borrowed	17	(225)	(2,109)
		(642)	**(2,549)**
Increase/(decrease) in cash and cash equivalents in the year		**2,131**	**(693)**
Cash and cash equivalents at beginning of the year	20	706	1,399
Cash and cash equivalents at end of the year	20	2,837	706

St Helens College

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

St Helens College is a Corporation established under the Further Education and Higher Education Act 1992 as an English general College of Further Education. The address including the principal place of business is set out on page 1. The nature of operations is set out in the Strategic Report.

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

Basis of preparation

These financial statements have been prepared in accordance with the College Accounts Direction for 2020 to 2021, the Supplementary Bulletin to the College Accounts Direction for 2020-21, the Post-16 Audit Code of Practice, the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), and regulatory advice 9: Accounts Direction issued by the Office For Students, and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). 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. Monetary amounts are rounded to the nearest whole £1,000 unless otherwise stated. The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Skills Northwest Limited and Waterside Training Limited (the Group). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July.

1. Statement of accounting policies and estimation techniques continued

Going concern

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

The financial statements are prepared on a going concern basis. The Group has reported Total Comprehensive Income of £4,733k for the year to 31 July 2021 (2020: a Total Comprehensive Deficit of £6,774k); an increase in cash of £2,370k (2020: a decrease in cash of £534k) and at 31 July 2021 had net liabilities of £19,118k (2020: net liabilities of £23,851k).

The net liabilities figure of £19,118k includes an estimated liability of £34,631k arising from the Group's membership of the Merseyside Local Government Superannuation Scheme and a liability of £36,672k in Government Capital Grants.

The Group currently has £7.2m of loans outstanding with bankers on 25-year loan agreements on terms negotiated in 2007.

The Group has prepared cash flow forecasts through to 31 July 2023 on a conservative basis and by applying various sensitivities. These forecasts indicate that the Group will be able to continue to trade for the foreseeable future and that it will be able to operate within its existing bank covenants.

Accordingly, the Governors believe it is appropriate to continue to adopt the going concern basis in the preparation of the Financial Statements

Recognition of income

Revenue Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the 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. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

1. Statement of accounting policies and estimation techniques continued

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

Capital Grant Funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the Group is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee Income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period to which it is attributable with any fees not received disclosed as accrued income and any fees received in advance disclosed as deferred income in the balance sheet.

Investment Income

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.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Group 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 Group 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.

1. Statement of accounting policies and estimation techniques continued

Merseyside Local Government Pension Scheme (LGPS)

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

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

The FRS 102 valuation of the LGPS pension scheme gives rise to a deficit recognised in the Balance sheet of £34.6m. The Actual surplus of the LGPS scheme (based on its actual combination of assets and liabilities) at 31st March 2019 is £2.9m with the scheme being 104% funded.

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 Group. Any unused benefits are accrued and measured as the additional amount the Group 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 in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible fixed assets

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

1. Statement of accounting policies and estimation techniques continued

Land and buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Buildings – 50 years
- Major Refurbishments – 20 years
- Minor Refurbishments – 10 years

Freehold land is not depreciated.

Long leasehold buildings are depreciated over 25 years and short leasehold building over the length of the lease.

Freehold buildings are depreciated over their expected useful economic life to the Group of 50 years. The Group has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 20 years, and minor adaptions over 10 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in the past, 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 after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the Group, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing more than £2,000 per individual item (or with combined value of £10,000 or more for a group of similar items with individual values less than £2,000) are capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- technical equipment 4 years
- motor vehicles 4 years
- computer equipment 2 - 4 years
- furniture, fixtures and fittings 4 years

1. Statement of accounting policies and estimation techniques continued

Impairment of fixed assets

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

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

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

Borrowing costs

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

Leased assets

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

Investments

Investments in subsidiaries

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

Investments in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment are recognised immediately in comprehensive income.

Inventories

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

Cash and cash equivalents

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

1. Statement of accounting policies and estimation techniques continued

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision

would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management 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 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 considered. 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 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants	Year ended 31 July 2021 Group £'000	2021 College £'000	Year ended 31 July 2020 Group £'000	2020 College £'000
Recurrent grants				
Education & Skills Funding Agency – Adults	224	224	632	632
Education & Skills Funding Agency – 16-19	14,435	14,435	13,231	13,231
Education & Skills Funding Agency - Apprenticeships	2,609	2,609	2,411	2,411
Devolved Authority - Adults	3,986	3,986	3,986	3,986
Local Authority – 16-18 High Needs	298	298	-	-
Office for Students	410	410	552	552
Specific grants				
ESFA – Provider Relief Scheme	12	12	43	43
ESFA – 16-19 Tuition Fund	473	473	-	-
High Value Courses for School & College Leavers	126	126	-	-
National Skills Funding	-	-	-	-
Covid-19 Mass Testing Funding	37	37	-	-
Teacher Pension Scheme Contribution Grant	771	771	704	704
Free School Meals	124	124	110	110
Office for Students capital grants	54	54	48	48
Releases of government capital grants	1,091	1,091	1,007	1,007
Total	**24,650**	**24,650**	**22,724**	**22,724**

The College has been eligible to claim additional funding in the year from government support schemes in response to the coronavirus outbreak.

In 2020/21 the funding received from the provider release scheme covered costs of £12k, the funding received from the 16-19 tuition fund covered costs of £455k, the funding received for high value courses covered costs of £115k and the funding received for Covid-19 mass testing covered costs of £37k.

In 2019/20 the Local Authority – 16-18 High Needs income was £56k and was included within Other grant income in note 4.

3 Tuition fees and education contracts	Year ended 31 July 2021 Group £'000	2021 College £'000	Year ended 31 July 2020 Group £'000	2020 College £'000
Adult education fees	330	330	656	660
Apprenticeship fees and contracts	186	186	130	139
Fees for FE loan supported courses	855	855	1,215	1,215
Fees for HE courses	2,581	2,558	2,816	2,765
Total tuition fees	3,952	3,929	4,817	4,779
Education contracts	-	-	-	-
Total	**3,952**	**3,929**	**4,817**	**4,779**

4 Other grants and contracts	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
Local Enterprise Partnership Grants	347	347	60	60
Other grant income	94	94	80	80
Release of non-government capital grants	272	272	346	346
Coronavirus Job Retention Scheme grant	147	113	241	212
Total	**860**	**826**	**727**	**698**

Under the government's Coronavirus Job Retention Scheme the College furloughed up to 73 staff during the August to September 2020 and the January to March 2021 periods including catering, maintenance, and nursery staff. Waterside Training furloughed up to 10 staff throughout the year including administrators, tutors, and catering staff. The funding received of £147k (College: £113k) relates to staff costs which are included within note 8 below.

5 Other income	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
Catering and residences	249	249	460	460
Other income generating activities	1,205	765	1,358	685
Miscellaneous income	361	610	237	452
Total	**1,815**	**1,624**	**2,055**	**1,597**

6 Investment income	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000	Year ended 31 July 2020 Group £'000	Year ended 31 July 2020 College £'000
Other interest receivable	-	-	2	2
Total	**-**	**-**	**2**	**2**

7 Analysis of Grant and Fee Income for Office for Students	2021 £'000	2020 £'000
Grant income from the Office for Students	464	600
Grant income from other bodies	24,186	22,124
Fee income from taught awards (exclusive of VAT)	2,581	2,816
Fee income for research awards (inclusive of VAT)	-	-
Fee income for non-qualifying courses	1,371	2,001
Total	**28,602**	**27,541**

8 Staff costs – Group and College

The average number of persons (including key management personnel) employed by the College during the year, on an average headcount basis, was:

	Group 2021 No.	College 2021 No.	Group 2020 No.	College 2020 No.
Teaching staff	294	294	299	299
Non-teaching staff	254	229	272	238
	548	**523**	**571**	**537**

Staff costs for the above persons				
	2021 £'000	**2021 £'000**	**2020 £'000**	**2020 £'000**
Wages and salaries	14,424	13,974	14,655	14,213
Social security costs	1,243	1,227	1,273	1,253
Other pension costs	3,999	3,992	4,233	4,221
Other employee costs	240	242	171	154
	19,906	**19,435**	**20,332**	**19,841**
Payroll sub total				
Contracted out staffing services	96	65	246	150
	20,002	**19,500**	**20,578**	**19,991**
Fundamental restructuring costs – Contractual	838	838	526	526
Total Staff costs	**20,840**	**20,338**	**21,104**	**20,517**

The number of staff to whom the restructuring costs relate in 2020/21 was 51 (2019/20: 32)

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 senior post holders of the College, which comprises the Chief Executive Officer, Chief Financial Officer, and the Deputy Principal.

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

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	**3**	**2**

8. Staff costs – Group and College continued

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

	Key management personnel		Other staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£60,001 to £65,000	-	-	1	2
£65,001 to £70,000	-	-	1	-
£70,001 to £75,000			1	1
£95,001 to £100,000	1	1	-	-
£110,001 to £115,000	1	-	-	-
£135,001 to £140,000	1	-	-	-
£140,001 to £145,000	-	1	-	-
	3	**2**	**3**	**3**

In 2019/20 the Chief Finance Officer at the beginning of the year resigned in October 2019. On a full year basis, the total emoluments would have been in the £100k to £105k range. A part time interim Finance Officer was employed September 2019 – July 2020. On a full year basis, the total emoluments on a full-time basis would have fallen in the £95k to £100k range. A new Chief Finance Officer was employed June 2020. On a full year basis, the total emoluments would fall in the £110k to £115k range.

In 2019/20 the Chief Executive Officer was employed on a part-time basis & her annual emoluments are disclosed as full-time equivalents.
Key management personnel emoluments are made up as follows:

	2021	2020
	£'000	£'000
Salaries	340	323
Employer's National Insurance	43	41
Benefits in kind	5	2
	388	**366**
Pension contributions – regular	74	29
Total emoluments	**462**	**395**

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

The above emoluments include amounts payable to the Accounting Officers who served during the year of:

8. Staff costs – Group and College continued

Simon Pierce – 1 August 2020 to 31 July 2021	**2021**	**2020**
	£'000	**£'000**
Salaries	135	-
Benefits in kind	2	-
Pension contributions	32	-
	169	**-**

Monica Box – 1 August 2019 to 31 July 2020	**2021**	**2020**
	£'000	**£'000**
Salaries	-	104
Payments in lieu of pension contributions	-	10
	-	**114**

In 2019/20 Monica Box was employed on an 80% basis. Her full time equivalent annual salary as at 31 July 2020 was £143,000.

The Accounting officer was the highest paid officer in 2020/21 and 2019/20.

The remuneration package of the Principal and Chief Executive is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. His remuneration for 2020/21 was determined on 16 March 2020. The Principal and Chief Executive was not involved in setting his remuneration.

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

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

Pay Multiples

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

Principal and CEO's basic salary (full time equivalent) as a multiple of the median of all staff

	2021	**2020**
- Simon Pierce	4.53	-
- Monica Box	-	4.63

Principal and CEO's total remuneration (full time equivalent) as a multiple of the median of all staff

	2021	**2020**
- Simon Pierce	4.67	-
- Monica Box	-	4.12

The Pay multiple calculations have been determined by dividing the annual full-time equivalent salary of the Principal by the median annual full time equivalent salaries of the College's employees

8. Staff costs – Group and College continued

as at 31 July in each of the respective years. Hourly paid staff are excluded from the calculation as they only work during term time and only on a part time basis.

9 Other operating expenses

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Teaching costs	2,634	2,487	2,989	2,808
Non-teaching costs	2,754	3,060	3,034	3,335
Premises costs	3,295	3,295	2,607	2,607
Total	**8,683**	**8,842**	**8,630**	**8,750**

Other operating expenses include:	**2021 £'000**	**2020 £'000**
Auditors' remuneration:		
Financial statements audit[1]	47	42
Internal audit	20	17
Other services provided by the financial statements' auditor	1	9
Other services provided by the internal auditors	2	5
Hire of assets under operating leases	94	103
Payments to subcontractors	153	507

[1] Includes £40,500 (2020: £35,000) in respect to the college

9a Access and Participation Expenditure

The College incurred the following expenditure in relation to its Access and Participation plan, which is published on the College's website.

	£	£
Access Investment	25,748	33,755
Financial Support to Students	59,794	68,171
Disability Support	1,632	903
Research and Evaluation	36,705	38,705

The above costs include £42,436 (2020: £42,096) in relation to staff costs, all of which are included in the staff costs per Note 8

10 Interest and other finance costs – Group and College

	2021 £'000	2020 £'000
On bank loans, overdrafts, and other loans:	417	440
Pension finance costs (note 25)	616	714
Total	**1,033**	**1,154**

11 Taxation – Group only

	2021 £'000	2020 £'000
United Kingdom corporation tax at 19 per cent	-	-
Total	**-**	**-**

12 Tangible fixed assets (Group & College)

	Land and buildings		Equipment	Total
	Freehold £'000	Long leasehold £'000	£'000	£'000
Cost or valuation				
At 1 August 2020	90,348	1,261	1,982	93,591
Additions	487	-	964	1,451
Disposals	-	(90)	-	(90)
At 31 July 2021	**90,835**	**1,171**	**2,946**	**94,952**
Depreciation				
At 1 August 2020	30,436	663	1,222	32,321
Charge for the year	2,294	50	284	2,628
Elimination in respect of disposals	-	(23)	-	(23)
At 31 July 2021	**32,730**	**690**	**1,506**	**34,926**
Net book value at 31 July 2021	**58,105**	**481**	**1,440**	**60,026**
Net book value at 31 July 2020	59,912	598	760	61,270

The fixed assets include equipment held under finance leases with a net book value of £106,145 (2020: £152,100) on which depreciation of £45,948 (2020: £31,700) was charged in the year.

13 Non-current investments

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Investments in subsidiary companies	-	141	-	141
Total	**-**	**141**	**-**	**141**

13 Non-current investments continued

The College owns 100 per cent of the issued ordinary £1 shares of Skills Northwest Limited, a company incorporated in England and Wales, and 89 per cent of the issued ordinary £1 shares of Waterside Training Limited, a company incorporated in England and Wales.

Skills Northwest Limited is a dormant company. The principal activity of Waterside Training Limited is the delivery of training for individuals and companies in the engineering industry.

14 Debtors

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year:				
Trade receivables	227	159	185	79
Amounts owed by group undertakings:				
Subsidiary undertakings	-	240	-	163
Prepayments and accrued income	1,198	1,185	1,266	1,249
Amounts owed by ESFA	304	304	-	-
Total	**1,729**	**1,888**	**1,451**	**1,491**

15 Current investments

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Short term deposits	-	-	-	-
Total	**-**	**-**	**-**	**-**

16 Creditors: amounts falling due within one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans and overdrafts	80	80	-	-
Obligations under finance leases	57	57	57	57
Trade payables	1,173	1,132	1,339	1,333
Amounts owed to group undertakings:				
Subsidiary undertakings	-	69	-	266
Other taxation and social security	679	636	681	600
Accruals and deferred income	2,589	2,472	1,980	1,973
Deferred income - government capital grants	1,607	1,607	1,349	1,349
Amounts owed to the ESFA	347	347	26	26
Other creditors	701	587	565	362
Total	**7,233**	**6,987**	**5,997**	**5,966**

17 Creditors: amounts falling due after one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans	7,083	7,083	7,388	7,388
Obligations under finance leases	19	19	76	76
Deferred income - government capital grants	35,254	35,254	35,237	35,237
Total	**42,356**	**42,356**	**42,701**	**42,701**

18 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
In one year or less	80	80	-	-
Between one and two years	521	521	305	305
Between two and five years	1,737	1,737	1,648	1,648
In five years or more	4,825	4,825	5,435	5,435
Total	**7,163**	**7,163**	**7,388**	**7,388**

Bank loans with interest rates of between 5.23% and 5.39% repayable by instalments falling due between May 2022 and November 2032 totalling £7,163k, are secured on a portion of the freehold land and buildings of the Group.

(b) Finance Leases

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

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
In one year or less	57	57	57	57
Between one and two years	19	19	57	57
Between two and five years	-	-	19	19
Total	**76**	**76**	**133**	**133**

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

19 Provisions

	Group and College		
	Defined benefit obligations	Other	Total
	£'000	£'000	£'000
At 1 August 2020	38,843	-	38,843
Expenditure in the period	-	-	-
Movements in period	(4,212)	-	(4,212)
At 31 July 2021	**34,631**	**-**	**34,631**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 25.

20 Cash and cash equivalents

	At 1 August 2020	Cash flows	At 31 July 2021
Group	£'000	£'000	£'000
Cash and cash equivalents	933	2,370	3,303
Total	**933**	**2,370**	**3,303**
College			
Cash and cash equivalents	706	2,131	2,837
Total	**706**	**2,131**	**2,837**

21 Capital and other commitments

	Group and College	
	2021	2020
	£'000	£'000
Commitments contracted for at 31 July	114	474

22 Lease obligations

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

	Group and College	
	2021	2020
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	717	696
Later than one year and not later than five years	3,209	3,122
Later than five years	8,344	9,335
	12,270	13,153
Other		
Not later than one year	66	66
Later than one year and not later than five years	69	135
Later than five years	-	-
	135	201

23 Contingent liabilities

There are no contingent liabilities at year end.

24 Events after the reporting period

There are no material events after 31 July 2021.

25 Defined benefit obligations

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

Total pension cost for the year		**2021 £000**		**2020 £000**
Teachers' Pension Scheme: contributions paid		1,846		1,816
Local Government Pension Scheme:				
Contributions paid	538		1,197	
FRS 102 (28) charge	1,623		1,208	
Charge to the Statement of Comprehensive Income		2,161		2,405
Other pension contributions		8		12
Total Pension Cost for Year within staff costs		**4,015**		**4,233**

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 of the LGPS 31 March 2019.

Contributions amounting to £280,158 (2020: £282,782) were payable to the schemes at 31st July and are included within creditors.

The LGPS contributions paid figure above of £538k does not include pension costs in relation to redundancies that are accounted for within restructuring costs in the financial statements.

25. Defined benefit obligations continued

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.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education 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 £196 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. The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 and 2019-20 academic years.

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

The pension costs paid to TPS in the year amounted to £1,846,000 (2020: £1,816,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Wirral MBC Local Authority. The total contributions made for the year ended 31 July 2021 were £871,225, of which employer's contributions totalled £538,145 and employees' contributions totalled £333,080. The agreed contribution rates for future years are 18.0% for employers and range from 5.5% to 12.5% for employees, depending on salary.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP".

25. Defined benefit obligations continued

However, in response to this judgement HM Treasury stated that "public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgment", clearly implying that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore, the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time, and so we have not made any

There is a separate wider potential issue in relation to GMP equality in general. At present, the public service schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards. A provision of £242,000 has been provided at 31 July 2021 (2020: £242,000) for the cost of extending GMP equalisation to members who reach State Pension Age after 2021.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	4.1%	3.8%
Future pensions increases	2.7%	2.4%
Discount rate for scheme liabilities	1.6%	1.6%
Inflation assumption (CPI)	2.6%	2.3%
Commutation of pensions to lump sums	0.0%	0.0%

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 2021 Years	At 31 July 2020 Years
Retiring today		
Males	21.0	20.9
Females	24.1	24.0
Retiring in 20 years		
Males	22.6	22.5
Females	26.0	25.9

25. Defined benefit obligations continued

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

	Long term rate of return expected at 31 July 2021	Fair Value at 31 July 2021 £'000	Long term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £'000
Equity instruments	42.40%	40,609	39.80%	33,961
Government bonds	2.80%	2,682	3.60%	3,072
Other bonds	23.50%	22,507	22.60%	19,284
Property	7.80%	7,470	7.40%	6,314
Cash	3.70%	3,544	8.80%	7,509
Other	19.80%	18,963	17.80%	15,189
Total fair value of plan assets		**95,775**		**85,329**
Rate of return on period end assets		**12.60%**		**0.90%**
Actual return on plan assets		**12,033**		**(731)**

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

	2021 £'000	2020 £'000
Fair value of plan assets	95,775	85,329
Present value of plan liabilities	(130,406)	(124,172)
Net pensions liability (Note 19)	**(34,631)**	**(38,843)**

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost less employer contributions	(1,535)	(521)
Administration expenses	(27)	(26)
Past service cost	-	(340)
GMP equalisation provision	-	-
Effect of curtailments	(61)	(321)
Total	**(1,623)**	**(1,208)**

25. Defined benefit obligations continued

Amounts included in finance costs		
Net interest cost (note 10)	(616)	(714)
	(616)	**(714)**

Amount recognised in Other Comprehensive Income		
Return on pension plan assets	10,680	(3,700)
Experience gains/(losses) arising on defined benefit obligations	2,382	5,403
Changes in assumptions underlying the present value of plan	(6,611)	(5,479)
Amount recognised in Other Comprehensive Income	**6,451**	**(3,776)**

Movement in net defined benefit liability during year	**2021**	**2020**
	£'000	**£'000**
Net defined benefit liability in scheme at 1 August	(38,843)	(33,145)
Movement in year:		
Current service cost	(2,083)	(1,892)
Employer contributions	548	1,371
Administration expenses	(27)	(26)
Effect of curtailments	(61)	(321)
Past service cost	-	(340)
GMP Equalisation Provision	-	-
Net interest on the defined liability	(616)	(714)
Business combinations	-	-
Actuarial gain or loss	6,451	(3,776)
Net defined benefit liability at 31 July	**(34,631)**	**(38,843)**

Asset and Liability Reconciliation	**2021**	**2020**
	£'000	**£'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	**124,172**	**121,490**
Current service cost	2,083	1,892
Interest cost	1,969	2,644
Contributions by Scheme participants	334	324
Experience gains and losses on defined benefit obligations	(2,382)	(5,403)
Changes in financial assumptions	6,611	5,479
Estimated benefits paid	(2,442)	(2,915)
Past Service cost	-	340
GMP Equalisation Provision	-	-
Curtailments and settlements	61	321
Defined benefit obligations at end of period	**130,406**	**124,172**

25. Defined benefit obligations continued

Fair value of plan assets at start of period	**85,329**	**88,345**
Interest on plan assets	1,353	1,930
Return on plan assets	10,680	(3,700)
Employer contributions	548	1,371
Contributions by Scheme participants	334	324
Administration expenses	(27)	(26)
Estimated benefits paid	(2,442)	(2,915)
Fair value of plan assets at end of period	**95,775**	**85,329**

26 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at 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 (2020: £394). The cost in 2020 represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020: none).

The Sutton Academy – a secondary school St Helens College act as sponsor for. Sales of services £43k (2020: £50k), Purchase of services £nil (2020: £nil). As at 31 July 2021 the balance owed by Sutton was £nil (2020: owed by Sutton £6k).

Waterside Training limited – a 89% owned subsidiary. Sales of services £212k (2020 £257k), Purchase of services £451k (2020: £437k). As at 31 July 2021 the net balance owed by Waterside was £171k (2020: owed to Waterside £103k).

27 Amounts disbursed as agent

	2021	2020
	£'000	£'000
Unspent balance at 1 August	293	287
Funding body grants – 16-18	681	682
Funding body grants – adults	776	695
	1,750	1,664
Disbursed to students	(1,096)	(1,172)
Clawback of prior year unspent funds	-	(130)
Administration costs	(73)	(69)
Balance unspent as at 31 July, included in creditors	581	293

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

Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of St Helens College and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 28 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency ("ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by St Helens College during the period 1 August 2020 to 31 July 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2020 to 2021 (the "Code") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which ESFA has other assurance arrangements in place.

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

Responsibilities of Governing Body of St Helens College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of St Helens College and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA) (continued)

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high-level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

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

RSM UK Audit LLP

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