

# **Blackpool and The Fylde College**

## **Report and Financial Statements for the year ended 31 July 2023**

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## Reference and Administration details

### Key management personnel

Key management personnel are defined as Blackpool and The Fylde College (B&FC) Executive Team and were represented by the following in 2022/23:

		<b>From</b>	<b>To</b>
Linda Dean	Executive Director B&FC for Business	1/8/22	31/7/23
Cheryl Dunn	Vice Principal HE and Student Enhancement	1/8/22	31/7/23
Simon Hughes	Vice Principal - Quality and Curriculum	1/8/22	31/7/23
Alistair Mulvey	Vice Principal Finance and Planning	1/8/22	31/7/23
Daryl Platt	Vice Principal - Engagement	1/8/22	31/7/23
Bev Robinson* OBE	CEO and Principal; Accounting Officer	1/8/22	31/7/23

\* A new CEO and Principal; Accounting Officer was appointed on 3/08/2023 (Alun Francis OBE).

### Board of Governors

PDH Advisory Ltd acted as Clerk to the Board from 1<sup>st</sup> August 2022 to 31<sup>st</sup> July 2023. A full list of Board Members is given on page 20 of these financial statements.

### Professional advisers

#### Financial statements auditor and reporting accountant:

Beever and Struthers  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

#### Internal auditor:

Wylie and Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

#### Bankers:

Santander UK plc  
298 Deansgate  
Manchester  
M3 4HH

#### Solicitors:

Eversheds LLP  
70 Great Bridgwater Street  
Manchester  
M1 5ES

#### Principal and Registered Office:

Bispham Campus  
Ashfield Road  
Blackpool  
FY2 0HB

## Strategic Report

### Objectives and Strategy:

The Board of Governors present their annual report together with the financial statements and auditor's reports for the year ended 31 July 2023.

### Legal status

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Blackpool and The Fylde College (B&FC). B&FC is an exempt charity for the purposes of part 3 of the Charities Act 2011.

### Mission

Inspirational learning creating outstanding futures

### Implementation of Strategic Plan

The Strategic Plan is the key strategic planning document for B&FC, outlining the main themes of the organisation's development, and was updated in March 2022 for the period 2022 to 2025. This reflects several strategies such as the Higher Education Strategy and the Property Strategy together with maintaining and enhancing both the quality of learning and the financial position of B&FC in the face of an unprecedented level of uncertainty within the operating environment. In parallel with the strategic plan direction of travel, B&FC continues to invest in learning through the development of its employees, learning resources and the property strategy for the benefit of its students, employer partners and the regional and national economy.

### Key Strategic Goals

1. To ensure student success and deliver outstanding return on education investment by remaining in the top 10% for education performance.
2. To meet local, regional and national skills priorities through an innovative and highly responsive curriculum offer, further cementing B&FCs place as a national leader in technical and professional education and training.
3. To support economic growth by working with employers and other stakeholders to co-create programmes which meet current and future education and workforce needs.
4. To raise aspiration for all, ensuring high levels of attainment across B&FCs diverse portfolio and encouraging progression to fulfilling, high value careers.
5. To retain the financial stability to invest in inspiring education and learning that empowers students to reach their full potential.
6. To continue to invest in people and partnerships that create an enabling foundation to deliver high quality education, training and skills for students.
7. We will work collaboratively towards an environmentally sustainable agenda both as a college and with B&FCs local, regional and national partners.

A series of performance indicators have been agreed to monitor the successful implementation of the objectives. This is achieved through the alignment of the annual Operational Plan and each of the key Strategic Objectives.

## **Financial objectives**

The level of challenge and uncertainty through 2022/23 within the FE sector, the national economy and the global economy has been unprecedented. Within the context of the current economic and social instability B&FC aims to retain robust financial position and generate surpluses to always invest in learning whilst ensuring it receives value for money to support the quality of student and apprentice experience. To achieve this, it has the following financial objectives:

- To achieve a minimum of Good financial status as defined by the ESFA
- To generate an EBITDA surplus of at least 10% for future investment
- To ensure borrowings of not more than 20% of income
- To have a positive cash flow from operations
- To maintain short term liquidity balanced with maximising income opportunities through prudent short term investments
- To fund continued capital investment to support learning and teaching
- To improve the efficiency of processes

As part of the annual planning process B&FC was required by the Education and Skills Funding Agency (ESFA) to complete a 2 year College Financial Forecast return in July 2023. ESFA has confirmed an ongoing Outstanding financial health status based on this return.

## **Resources:**

### **Financial**

B&FC had £74.4m of net assets in 2022/23 an increase from £70.7m in 2021/22 due to an annual review of actuarial assumptions relating to the Local Government Pension Scheme. Tangible resources include fixed assets including B&FC's 5 main sites across Fylde and Wyre which decreased to £88.3m. The Ansdell site is closed pending completion of sale negotiations with disposal expected in 2024. B&FC continued to increase its net cashflow from operating activities with cash and cash equivalents of £12.8m (£22.8m including short term investments) at the end of the year and reduced borrowings as a percentage of income from its already favourable position. Operational finances remain strong and retain an ESFA Outstanding status.

### **People**

B&FC employed an average headcount of 974 2022/23, of whom 523 were teaching staff.

### **Reputation**

B&FC has an excellent reputation locally and nationally for:

- technical and professional education
- co-creating learning programmes with employers aligned to the needs of industry
- the quality of learning, teaching and assessment
- student outcomes
- financial stability enabling investment in learning

Specific examples include:

- B&FC is the lead partner of the Lancashire and Cumbria Institute of Technology (LCIoT) which received a 5 year Licence in Dec 2022. LCIoT partners include 52 Employers, 6 Colleges and 3 Universities. IOTs are the Department for Education's prestigious, employer led, flag ship programme in the Technical and professional skills space with now 21 in the UK.
- In September 2023, B&FC was provisionally awarded Teaching Education Framework (TEF) Gold by the Office for Students. This award indicates that B&FC delivers consistently outstanding teaching, learning and outcomes for its students on its Higher Education programmes.
- According to the most recent Graduate Outcomes HE survey data, 88% of B&FC students progressed into work or further study, over 80% for the past three years. According to the survey, 38% of B&FC graduates in highly skilled employment earn £33k or more, compared with 23% in the sector.
- T level students have performed well this year at B&FC with an overall 94% pass rate. This is above the national rate of 90.5%, with 66% of the students achieving a Merit or above (equivalent of 3 B grades and above at A Level)
- In 2022/23 98% of 16-18 year olds on Level 2 and Level 3 programmes progressed to a higher level course, higher education, employment or an apprenticeship.
- According to the most recent NSS survey, B&FC's higher education students and apprentices highly rated their teaching experience, particularly how well teaching staff supported their learning. In 17 of the 27 questions, related to learning, B&FC students and apprentices scored B&FC consistently above both the NSS and England average benchmarks.
- B&FC has been accredited as a WorldSkills Centre of Excellence for learning, teaching and assessment.
- In November 2022, B&FC hosted 13 of the WorldSkills National Competition Finals, including manufacturing, engineering and IT.
- B&FC is among an elite number of providers with Engineering degrees accredited by the Institute of Engineering and Technology (IET).
- B&FC were one of the first providers to successfully achieve approval for the first digital Higher Technical Qualifications from the Institute for Apprenticeships and Technical Education (IfATE).
- B&FC is accredited by BCS, The Chartered Institute for IT in recognition of the quality of B&FCs computing education.
- B&FC is accredited by APM, the Association for Project Management Association for Project Management. This is the only chartered membership organisation for the project profession in the world that recognises universities and higher education institutions that engage with the project management profession and deliver programmes aligned to the APM Competence Framework.

## Stakeholders

In line with other colleges and universities, B&FC has many stakeholders.

These include:

- Current, future and past students
- Employees and their trade unions
- An extensive range of employer partners, both local and national
- Education sector funding bodies and regulators
- Other educational and training organisations such as FE colleges, schools, universities and training providers
- Local authorities
- NHS and Public Health
- Lancashire Local Enterprise Partnership (LEP)
- The local communities across the Fylde
- Professional bodies
- Local politicians
- Banks

B&FC recognises the importance of these relationships and actively engages in regular communication with stakeholders.

B&FC considers good communication with students, apprentices and employees to be fundamental to its success. There are two student representatives on the Board and three cross-college Student Forums each year. Students sit on every deliberative committee as part of academic governance and are full partners in their learning. They are also invited to give feedback through enrolment, induction, via email, at talkback and online customer satisfaction surveys as well as being encouraged to engage with student representative elections and student union activities such as societies, volunteering and enrichment opportunities. The impact on students is assessed as part of the approval process of all policies and procedure change.

B&FC publishes a weekly e-bulletin to employees and encourages employee involvement through regular team meetings, keeping in touch meetings, membership of formal committees, working groups and an employee suggestion scheme. Employees are elected to the Staff Representation Group which is held six times a year and employees influence items such as employee surveys, communications and improvements to B&FC. The Principal and Chief Executive holds regular employee forums and sends monthly emails to all colleagues. Formal representation of employees is through recognised trade unions and employees also elect two colleagues to serve on the Board. Manager and employee portals promote further knowledge sharing, communication and engagement through self-service online facilities. All employees are informed of the overall strategic direction of B&FC in annual and mid-year briefings by the Principal and Chief Executive.

## **Public Benefit**

On 29 November 2022 the Office for National Statistics (ONS) reclassified the FE sector into the central government sector. Despite the reclassification B&FC remains an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who we normally refer to as the Board, act as trustees of the exempt charity and are listed on page 20.

In setting and reviewing B&FC's strategic objectives, the Board 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, B&FC provides the following identifiable public benefits through the investment in and delivery of education:

- High quality, meaningful learning opportunities aligned to the needs of the economy
- Widening participation and promoting social inclusion
- Inspiring students to achieve their full potential
- Strong track record of student progression into sustainable employment
- Strong relationships with employers, industry, and commerce, thus contributing to economic wellbeing

The delivery of public benefit is covered throughout the Operating and Financial Review.

## **DEVELOPMENT AND PERFORMANCE**

### **Financial results**

B&FC generated a surplus before other gains and losses in the year of £0.1m, (2021/22 – deficit of £1.8m). This includes £1.3m of FRS102 related pension costs (£3.9m in 2021/22). The Total Comprehensive Income was £3.8m, (2021/22 - £39.4m) which includes £3.7m of positive actuarial revaluation in respect of B&FC's defined benefit LGPS pension scheme.

B&FC has accumulated reserves of £74.4m (2022/23 £70.7m) with the annual increase being caused by an actuarial revaluation of B&FC's LGPS defined benefit pension scheme. Cash balances, including fixed term deposits, were £22.8m (2021/22 £20.1m) and reflect a reduction in borrowing to £4.5m (2021/22 £4.8m).

B&FC has some reliance on the education sector funding bodies as a principal funding source, mainly from recurrent grants via the ESFA. This proportion increased to 57.9% in 2022/23 from 53.8% in 2021/22 but remains well below the 81% 2021/22 sector average as B&FC continues to seek opportunities to grow its diversified income streams.



## **Cash flows and liquidity**

At £5.9m, (2021/22 £4.4m) net cash flow from operating activities was strong. Both the B&FC Board and Strategic Management Team receive cash flow forecasts as part of the finance standing agenda item. This assures transparency of financial data, particularly the generation and application of cash.

The size of B&FC's total borrowing and its approach to interest rates has been calculated to ensure a sound cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded. During this year this cushion was sizeable; the interest paid of £268k was clearly exceeded comfortably by the operating cashflow of £5.9m.

B&FC has 2 fixed rate loans, both with Santander.

- A 2018 £4.0m repayable by June 2031, with an outstanding balance of £3.0m at July 2023.
- A 2019 £1.9m repayable by June 2031, with an outstanding balance of £1.5m at July 2023.

Therefore total borrowings were £4.5m at the end of 2022/23

## **Developments**

Tangible fixed asset (capital) additions, during the year amounted to £4.9m. This was split between land and buildings development of £0.8m and equipment purchased of £4.1m, £1.2m of which was fully funded by OfS, £1m was part funded IoT and £0.7m was part funded T level. This was mainly industry leading STEM learning and teaching equipment, IT infrastructure investment, building development and repairs.

## **Reserves**

B&FC has accumulated reserves of £96.4m and cash and short term investment balances of £22.8m. Surpluses, generating positive cash balances, are being accrued to support the strategic redevelopment and investment in education aligned to the Multiversity development to bring sustainable educational benefit to the student, apprentice, employer and stakeholder population we serve.

The restricted reserves relate to the Mary Elizabeth Barrow Fund which is a Charitable Fund to be used for education in the arts by provision of awards made annually for excellence as set out in the Charitable Fund document.

## **Sources of Income**

In 2022/23, Government funding bodies provided 57.9% of B&FC's total income versus the 2021/22 General Further Education and Technical College average of 81%.

## **Student numbers**

In 2022/23, B&FC delivered activity that produced £31.6m in public funding body main allocation funding. Approximately 12,900 students chose to study at B&FC of whom 7,800 were either part or wholly publicly funded.

## **FUTURE PROSPECTS**

On 29 November 2022 the Further Education sector was reclassified by the ONS to be part of the central government sector for the purposes of national accounting. The implications of this continue to be developed and embedded into the sector and B&FC is positioned to respond well to all new requirements and opportunities.

The current geopolitical instability also represents both challenge and opportunity for B&FC and as a college we continue to closely monitor the societal and financial impacts of the external environment and respond positively through B&FCs curriculum provision to changes and emerging opportunities to support students and apprentices in a changing world. Similarly, the sustainability agenda is changing the organisational thinking and curriculum provision as B&FC evolves to meet these challenges positively.

Against this turbulent backdrop B&FC remains financially outstanding with positive cashflows and low borrowing and continues to actively improve operational effectiveness through an ongoing programme of key process efficiency review.

### **Future Developments**

B&FC has had a comprehensive property strategy since 2010, reviewed and approved at Board level. The last review was completed in June 2022. The document recognises the need to focus on those aspects of education and training which are required to drive the economy, deliver a skilled workforce for industry and secure employment and vibrant career opportunities for B&FCs apprentices and students. The development of the property strategy is an evolving and iterative process considering changing needs and circumstances.

Included in the Property Strategy are projects involving:

- The development, in partnership with Blackpool Council, of the Multiversity for the reprovision of HE
- T-level wave 3 in engineering and LML
- Continued investment in technologies and the “internet of things”
- Consolidation and maintenance of the premises to ensure they are raised to, and stay in, the A and B categories for condition
- Preparations for move of FE provision from the University Campus to the Bispham campus
- A continued drive for a sustainable and cost effective estate
- Sustainability, decarbonisation, biodiversification and the Green agenda which includes seeking to invest in renewable technology replacing space heating gas boilers with air source heat pumps and refreshing the relatively dated solar PV provision across all college sites

The significant projects delivered in 2022/23 were:

- Continued progress for the sale of the Ansdell site with progression

- to exchange of contracts with anticipated completion in 2024
- The disposal of a residential property deemed surplus to requirements
- Investment, aligned to Office for Student funding, in HE equipment within computing and engineering to ensure B&FC continues to support its provision by providing students and apprentices access to state of the art technologies
- Investment, aligned to ESFA funding, in wave 3 T-level specialist equipment across legal, financial and accounting, business and administration and engineering and manufacturing T-levels
- Significant investment aligned to the Lancashire Institute of Technology in cyber security, software analytics, chemical engineering and low carbon technologies curriculum development and delivery
- Continued investment in planting of trees and shrubs as part of the biodiversification of the college campuses.

## **Financial Plan**

The B&FC Board approved a financial plan in July 2023 which sets objectives for the period to July 2025. B&FC aims to maintain its health rating of 'Outstanding' and achieve a moderate surplus in 2023/24.

## **Treasury policies and objectives**

Treasury management includes the management of B&FC'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.

B&FC's Treasury Management Policy is contained within the Financial Policies and Procedures. In 22/23 as interest rates have increased B&FC has actively managed its cash position with short term investments being actively pursued to maximise available returns and manage the risk of inflationary pressures across the goods and services the college procures. No additional borrowing has been sought during the period and any borrowing which may be sought would require the approval of the Board.

## **Reserves**

B&FC chooses not to have a formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and future plans. B&FC's reserves include £52k held as restricted reserves. As at the balance sheet date, the Income and Expenditure Reserve stands at £74.4m (2021/22: £70.7m). It is the Board's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses although this is affected by changes in externally applied pension valuations out of its control.

## **PRINCIPAL RISKS AND UNCERTAINTIES:**

B&FC has continued to actively develop, strengthen, refine and embed the system of internal control, including financial, operational and risk management, which is designed to protect and safeguard B&FC's assets, reputation and financial stability.

The Board has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

Based on the strategic plan, B&FC undertakes a comprehensive review of the risks to which it is exposed. It identifies systems and procedures, including specific preventive actions, which should mitigate any potential impact on B&FC. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness.

A risk register is maintained at college level and reviewed throughout the year by the Audit Committee, the Board and the Strategic Management Team. The risk register identifies the strategic risks, the likelihood of those risks occurring, their potential impact on B&FC and the actions being taken to reduce and mitigate the risks. Risks are prioritised using an established, transparent, and consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout B&FC and a risk appetite analysis. Internal Audit adopt a risk based approach to test the system of internal control as a means of additional assurance. Outlined below is a description of four of the principal risk factors that may affect B&FC. Not all the factors are within B&FC's control. Other factors besides those listed below may also adversely affect B&FC and are contained within B&FC's risk register.

### **1. Public funding**

B&FC retains some reliance on the education sector funding bodies for its funding. In 2022/23, Government funding bodies provided 57.9% of B&FC's total income. This remains well below the sector average of 81%. B&FC continues to diversify income streams to reduce this further. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

B&FC is aware of several issues which may impact on government funding policies and subsequently the level and availability of funding into the FE sector, including:

- The reclassification of the FE sector into central government sector from 29 November 2022
- The cost of living implications of Brexit, war, global unrest and the policy responses of the Government
- Continued fluctuations in gas and electricity costs compounded by generic inflation being seen across most cost categories, increases in interest rates and the requirement to hold a general election no later than January 2025

- The cost of living impact on business and consumer spend choices in particular SME apprenticeships and commercial training
- The full implications of the Skill and Post-16 Education legislation as it is normalized within the FE sector

## **2. Maintaining and growing levels of commercial funding**

The implications of the Covid-19 pandemic continue to influence many of the commercial partners of B&FC, this has been compounded by the cost of living crises as both inflation and interest rates increase to levels not seen in the UK for several decades. Additionally, there is a changing shape to the UK workforce with many post 50-year-olds exiting the labour market, higher levels of long term sickness absence being seen and skills shortages in many sectors. These factors impact on the ability and appetite of commercial partners to invest in upskilling or retraining their workforce and this impacts on the ability of B&FC to secure and grow commercial income. These changes introduce a level of uncertainty into B&FC commercial income not previously experienced, these issues continue to be closely monitored and the implications actively managed by B&FC.

## **3. Maintain adequate funding of pension liabilities**

The LGPS triannual revaluation was completed in March 2022 following which employers' contribution has increased from 16.2% to 17.9% from April 2023. It will increase again to 19.3% from April 2024 and again to 20.6% from April 2025.

The financial statements report the share of the Local Government Pension Scheme surplus on B&FC's balance sheet in line with the requirements of FRS 102. Fixed deficit cash contributions will continue to vary in future and this level of uncertainty presents a risk to medium and longer term financial planning and management of the B&FC position. The Teachers' Pension Scheme remains under-funded and contributions will increase in future and these will largely materialise as an increased employer contribution.

## **4. Cybersecurity**

B&FC continues to invest in IT infrastructure, colleague training, internal communications, test activity and cybersecurity insurance.

Many external factors present a degree of risk to B&FC and mitigations are in place to address these risks.

## Streamlined Energy and Carbon Reporting

<b>UK Greenhouse gas emissions and energy use data for the period 1 August 2022 to 31 July 2023</b>	<b>2022/23</b>	<b>2021/22</b>	<b>Movement</b>
Energy consumption to calculate emissions (kWh) (gas, electricity, fuel)	8,915,714	9,727,371	-8%
Scope 1. Emissions in metric tonnes Co2e. (direct emissions from owned sources or control directly)	975	1,035	-6%
Scope 2. Emissions in metric tonnes Co2e. (indirect energy purchase)	742	693	7%
Scope 3. Emissions in metric tonnes Co2e. (indirect eg business travel in employee owned vehicles)	9	14	-36%
Total gross emissions in metric tonnes CO2e	1,726	1,742	-1%
Intensity ratio Tonnes CO2e per student	0.13	0.13	0

B&FC is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Replace B&FC fleet vehicles with electric vehicles when due (2 to date)
- Launched a staff EV car lease scheme
- Continue to promote energy saving measures across B&FC campuses including actively managing heating temperatures
- Renegotiated the energy supplier tariffs to secure competitive rates
- Consolidated B&FC vehicle visits/deliveries between sites
- Started solar PV replacement across B&FC to mitigate electricity consumption via the national grid
- Commenced planning of Heat source pumps across estate, including the deep water pool at Fleetwood Nautical campus
- Promote the continued use of Teams across B&FC to reduce travel between sites
- Continue to promote the car share scheme with reserved parking spaces for car share vehicles

## Quantification and reporting methodology

B&FC has followed the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard, the 2023 UK Government's Conversion Factors for reporting 2022/23 and the 2022 Conversion Factors for 2022/23.

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per onsite student, the recommended ratio for the sector.

## Key Performance Indicators

B&FC is committed to observing the importance of sector measures and indicators including performance relating to both quality and finance. Examples include:

Key performance indicator	Target	Actual for 2022/2023
EBITDA as % of income (education specific)	9.5%	10.3%
Pay as a percentage of Income	62%	61.1%
Staff survey engagement %	80%	86%
ESFA Financial Health	Outstanding	Outstanding

## Student Achievements

Students who choose to study with B&FC continue to thrive with outcomes remaining strong over the last six consecutive years.

The B&FC pass rate for students achieving an overall T Level grade is 94%, compared to the overall England rate of 90%. The proportion of students who achieved a high grade is 66%.

The GCSE high grade pass rates across mathematics and English were 30% and 43% respectively, which is well above the national sector average of 15% and 26%.

2022/23 saw several notable student achievements and successes, with B&FC also continuing its proactive approach to curriculum development to ensure its provision continues to meet the needs of the community and contributes to the economic growth of the nation by providing industry with the skilled workforce it needs. New provision is developed, and existing provision is further enhanced in line with labour market intelligence, Lancashire LSIP priorities, the Industrial Strategy and employer and industry needs.

B&FC's curriculum developments have a sustained focus on education, training and skills development which enables B&FCs students to secure sustainable employment and enriching careers. The co-creation of curriculum with employers supports the development of the key skills needed to fuel greater productivity and to enable social mobility. A parallel focus on re-skilling and up-skilling is similarly enabling those currently unemployed or underemployed, those re-entering the workforce or those wishing to change career direction to develop their skills base to generate personal, social and economic benefit.

B&FC also demonstrated its commitment to the environmental and sustainability agenda through energy efficiency and water usage targets, working towards decarbonisation of the Estate, ongoing programmes to embed Education for Sustainable Development (ESD) through learning and teaching and events which engaged with employees and students as an integral part of student enrichment and employee and student wellbeing.

## Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary requires organisations to make payments within 30 days.

During the accounting period 1 August 2022 to 31 July 2023, B&FC paid 98.8% of its compliant payments within 30 days (96.8% in 2021/22). B&FC incurred no interest charges in respect of late payment for this period.

## Gender pay gap reporting

B&FC has routinely published its gender pay gap data on its website but for information has also included in its Annual Report.

	Year ending 31 March 2023
Mean gender pay gap	6.8%
Median gender pay gap	3.7%
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	45.6%	54.5%
2	54.2%	45.8%
3	36.8%	63.2%
4 – Upper quartile	28.9%	71.1%

## Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. Public sector employers must publish this information annually covering the 12 month period beginning 1 April 2022 to 31 March 2023.

**Table 1 - Relevant trade union officials**

Number of employees who were trade union officials during the relevant period	Full time equivalent employee number
3	3

**Table 2 - Percentage of time spent on facility time**

Percentage of time spent on facility time	Number of employees
0-50%	3

**Table 3 - Percentage of pay bill spent on facility time**

Total cost of facility time	£2,153
Total pay bill	£25,786,927
% of pay bill spent on facility time	0.01%



**Table 4 - Paid trade union activities**

Paid trade union activities as a percentage of paid facility time	0%
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## **EQUALITY, DIVERSION AND INCLUSION (EDI)**

The B&FC Equality, Diversity and Inclusion (EDI) strategic vision is consolidated within the EDI Strategy for 2023-2026. The strategy includes an overarching ethos statement for the whole organisation; colleagues, students, apprentices and visitors.

B&FC is committed in the advancement of equality, diversity and inclusion. B&FC celebrates the diversity of all our students, apprentices, colleagues, and any visitors accessing B&FCs services and have embraced the principles of Fairness, Respect, Equality, Diversity, Inclusion and Engagement. (FREDIE)

B&FC has a longstanding commitment to the ethos, practices and outcomes of EDI, these are integral to the published 'College Values' going above and beyond equality legislation

- Eliminate discrimination and harassment
- Advance equality of opportunity
- Foster good relations between people who share protected characteristics and those who do not.

In addition to the EDI Strategy (2023-2026) B&FC's Equality, Diversity and Inclusivity (EDI) Statement is published on the B&FC website and outlines that we will continue to:

- Empower employees and students to be themselves; embrace uniqueness, respect difference and build confidence
- Place the Student Voice at the heart of all we do, working with student partners to close identified gaps
- Demonstrate a clear enhancement of EDI in B&FCs inclusive learning teaching and assessment practices and use data to inform actions that close evidenced or predicted gaps
- Work within B&FCs communities to be a leader in the area of inclusion and accessibility to advance the equality of opportunity and fair access for all
- Maintain a zero tolerance of hate crime and discrimination on any grounds, and support external organisations in their efforts to eliminate them

B&FC's EDI strategic vision will continue to support all who study or work with B&FC to continue to grow and flourish as well as the communities and businesses we serve, striving to reduce inequalities within B&FCs communities.

## **Employees with disabilities**

Applications for employment by persons with disabilities are always fully considered, bearing in mind the abilities of the applicant concerned and role being applied for. In the event of members of staff becoming disabled every effort is made to ensure that their employment with B&FC continues and that appropriate training is arranged. It is

the policy of B&FC that the training, career development and promotion of a person with a disability should, as far as possible, be identical to that of B&FC's other employees.

### **GOING CONCERN**

B&FC continues to adopt the going concern basis in preparing these financial statements. After making appropriate enquiries, the Board considers that B&FC has adequate resources to continue in operational existence for the foreseeable future. It continues to diversify income streams, effectively control costs, reduce borrowings and generate strong operating cash flows underpinned by a strong cash reserve.

### **EVENTS AFTER THE REPORTING PERIOD**

- 2<sup>nd</sup> August 2023 Bev Robinson retired from her position of Principal and CEO.
- 3<sup>rd</sup> August 2023 Alun Francis joined B&FC as Principal and CEO.

### **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 B&FC's auditor is 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 B&FC's auditor is aware of that information.

Approved by order of the members of the Board on 5<sup>th</sup> December 2023 and signed on its behalf by:



**S Fogg**  
**Chair of the Board**

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of B&FC to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

B&FC endeavours to conduct its business:

1. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
2. In full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges ("the Code")

The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance and it is committed to exhibiting best practice in all aspects of corporate governance. It has not adopted and therefore does not apply the UK Corporate Governance Code. However, it has reported on its corporate governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code it considers to be relevant to the further education sector. B&FC recognises the need for its approach to be informed by best practice and therefore it reviews all codes on a regular basis, rather than opting for one in preference to others.

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

B&FC ensures transparency about its corporate governance arrangements through reporting and publication, such as on the B&FC website and in the annual report and accounts.

B&FC obtains assurance over the adequacy and effectiveness of the arrangements for corporate governance, risk management and oversight of statutory and other regulatory responsibilities through an effective framework of business assurance comprising an internal audit function, the Audit Committee, regular reporting of risk management and compliance, and an internal control framework including the respective roles of the Accounting Officer, the Clerk and the Board of Governors.

These arrangements are reviewed and appraised regularly by the Audit Committee and the Board.

## The Board of Governors

The individuals who served on the Board during the year are shown in the table below, along with information on their term of office and attendance at meetings during 2022/23.

Name	Category of membership	Date first appointed	Term ends/ resigned	Attendance				
				B	A	Q	R	S
Helen Broughton MBE DL	Independent	26/01/2021	25/01/2025	80%	---	100%	100%	100%
Andrea Challis DL	Independent	27/09/2022	26/09/2023*	90%	---	---	---	---
Mark Chapman	Student	28/09/2022	31/08/2024	78%	---	---	---	---
Jane Cole	Independent	11/12/2018	10/12/2026	60%	100%	---	---	100%
Darren Gorman	Student	28/09/2022	31/05/2023†	43%	---	---	---	---
Steve Fogg	Independent	26/01/2021	25/01/2025	90%	---	---	0%	100%
Colleen Hickson	Staff	22/09/2015	21/09/2023	100%	---	---	---	---
Chris Holt	Independent	04/02/2020	03/02/2024	80%	67%	---	---	---
Suzy Layton	Independent	26/01/2021	25/01/2025	90%	---	---	---	---
Sandy Lee	Staff	02/11/2021	01/11/2025	70%	---	---	---	---
Antony Lockley	Independent	07/12/2021	06/12/2025	78%	---	75%	---	---
Martin Long	Independent	22/10/2019	21/10/2023	100%	67%	---	100%	---
Adrian Mills	Independent	06/07/2021	05/07/2025	80%	---	50%	---	---
Bev Robinson CBE OBE	Principal	29/04/2013	02/08/2023	100%	---	---	---	100%
Wendy Robinson	Independent	01/03/2022	28/02/2026	60%	---	100%	---	---

Key to attendance figures:

B: Board | A: Audit Committee | Q: Quality and Standards Committee | R: Remuneration Committee | S: Search Committee

\* Indicates that the individual was appointed for an Induction Year in accordance with Standing Orders. This is standard practice for all Independent Member and Staff Member appointments. Towards the end of this period, the Board will consider the individual's performance in post and will consider whether to appoint the individual for the remainder of their first term of office, which may be up to four years from the date of initial appointment.

† Indicates that the individual's term of office came to an end on the date on which they no longer met the criteria to be a Student Member, due to the fact that they were granted Interruption of Study status following a successful application.

Three individuals were appointed to the Board of Governors after the end of the reported period but were in post on the date of signing:

- Alun Francis OBE was appointed as Principal and Chief Executive with effect from 3 August 2023 for an ex officio term of office
- Jagjit Walia was appointed as a Staff Member with effect from 1 September 2023, for an initial Induction Year in accordance with Standing Orders

Throughout the whole of the reported period, Steve Fogg was Chair of the Board of Governors and Helen Broughton was Vice-Chair of the Board of Governors.

### **The governance framework**

The Board is responsible for bringing independent judgment to bear on issues of strategy, performance, resources and standards of conduct. It is provided with regular and timely information on the overall financial performance of B&FC, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and employee-related matters such as health and safety and the college environment. The Board meets formally at least eight times each year, as well as setting aside additional time for strategic workshops or planning sessions.

The coverage of the Board's work during the period included reviewing and guiding strategies, major plans of action and the annual budget and business plans, overseeing major capital expenditure and monitoring the effectiveness of B&FC's governance practices.

The Board is supported by four committees:

1. Audit Committee
2. Quality and Standards Committee
3. Remuneration Committee
4. Search Committee

Minutes of all meetings, except those deemed to be confidential, are published on B&FC's website and are available to view by contacting the Clerk to the Corporation using the contact details below:

Email: [clerk@blackpool.ac.uk](mailto:clerk@blackpool.ac.uk)

Post: Clerk to the Corporation  
Blackpool and The Fylde College  
Ashfield Road, Bispham, Blackpool, FY2 0HB

Members of the Board can take independent professional advice in furtherance of their duties at B&FC's expense. They also have full access to the Clerk to the Corporation who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with.

The Clerk to the Corporation is active in the governance field on a day-to-day basis and is involved in teaching and assessing corporate governance, including key governance principles which apply across various sectors. He remains abreast of developments in the further education sector by subscribing to weekly updates from the Association of Colleges and he receives regular updates from our legal services provider as well as briefings circulated by the Chartered Governance Institute. He also attended the Association of Colleges' Governance Conference during the year. These activities benefit governance performance by ensuring that the Clerk remains

aware of developments and can access thought leadership and other practical support as needed.

Formal agendas and reports are supplied to members of the Board in a timely manner, in accordance with timescales set out in the Board's core governance documents. Papers for meetings are provided via a digital platform, which both ensures the security of information and supports B&FC's strategic objective to support environmental sustainability. Additional briefings are also provided to the Board where necessary.

The Board has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Board's independent members are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

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

The Clerk to the Corporation maintains a register of financial and other interests of members of the Board, which is available for inspection in person or on request.

### **Appointments to the Board**

The Search Committee, which consists of four members of the Board, is responsible for the selection and nomination of any new member for the Board's consideration. Interviews are held where the candidates are not known to the committee.

All Staff and Independent Members are appointed for an Induction Year, and the Search Committee reviews their performance and input towards the end of this period. A recommendation as to their continued appointment (or otherwise) is then made to Board. The Clerk to the Corporation is responsible for ensuring that appropriate training is provided as required.

The Board's Standing Orders provide that the maximum cumulative term of office for any employee or independent member of the Board is eight years unless, in the case of an independent member, they go on to become Chair or Vice-Chair in which case they may serve a further eight years in that role. The Chair must retire from the Board following their term as Chair. Student members of the Board are appointed for one-year terms of office but may be re-elected provided they continue to satisfy the eligibility criteria to become a student member.

### **Board performance**

During 2022/23, an external governance review was undertaken at B&FC in line with the requirement contained within the Funding Agreement. The external governance review took place over the period January to April 2023 and was facilitated by Rob Lawson OBE, a National Leader in Governance appointed by the FE Commissioner's Office.

The review was conducted against a framework of three core areas: Board composition, Board structure and Board interaction. It comprised several elements, including:

- a desktop review of key documents, policies and minutes
- a questionnaire distributed to all Board Members
- observation of meetings, including a strategic away day as well as Board and Committee meetings
- 1:1 interviews with the Chair, the Principal and Chief Executive and the Clerk to the Corporation, as well as with a number of Board Members

The review identified several strengths as well as some areas for development, and the review concluded that there is evidence that the Board is proficient and has some impact on college strategy, effectiveness and outcomes.

An action plan was developed following the external governance review and this was approved by the Board of Governors at its meeting on 25 April 2023. Progress with the action plan will continue to be monitored by the Board on a regular basis until it has been completed.

### **Board development activities**

The Principal and Chief Executive's report to each Board meeting provides a summary of news from across the further education sector to ensure that Board members can keep abreast of developments, and one-to-one sessions between individual Board members and lead managers are facilitated on request.

An annual training session is held for all Board members, alongside at least one strategy session per year. A training item is also included on the agenda for most Board meetings during the year, which serves to provide Board members with an insight into curriculum areas or to other matters of importance and acts as an opportunity for leaders within the organisation to meet the Board and to share their experiences and thoughts directly.

This year's annual training session was held in October 2022. The session provided a refresher for Board members in its key areas of responsibility, including quality, funding, finance, risk management, safeguarding, health and safety, data protection and corporate governance.

In January 2023, the Board held its first strategy session of the year, which included a session from the Deputy Chief Executive of the Association of Colleges on the implications of the Office for National Statistics' decision to reclassify colleges in England as public sector organisations, as well as an interactive session on the future of learning which was also attended by several B&FC students. The Board also participated in a session on the changing face of higher education, which is B&FCs largest single income stream.

In June 2023, the Board's second strategy session took place. This included a session on the future of work which included an enlightening presentation from The

Work Foundation, after which the Board was joined by several B&FC students to continue the discussions.

### Remuneration Committee

Throughout the reported period, the Remuneration Committee comprised three independent members of the Board. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders. Details of remuneration for the year ended 31 July 2023 are set out in notes 7 to 8 to the financial statements.

The Corporation has adopted The Colleges' Senior Staff Remuneration Code published by the Association of Colleges and has followed the minimum requirements thereof.

B&FC aims to ensure that key management personnel are remunerated at an appropriate level, considering relevant market conditions. The table below sets out the component parts of B&FC's remuneration package for executives, which are all intended to help promote the long-term success of B&FC and to retain high calibre executives:

Element of pay	How operated	Maximum opportunity	Description of performance metrics	Changes from previous year
<b>Base salary</b>	As determined by the Remuneration Committee (for Senior Post Holders) or by the Resourcing Panel (for other executives)	There is no prescribed maximum annual increase	Individually set at the start of the year	No change
<b>Benefits</b>	The Remuneration Committee has the option to provide additional benefits, such as additional annual leave, either as well as or in lieu of pay awards	There is no formal maximum	N/A	No change
<b>Pension</b>	B&FC operates the standard Local Government Pension Scheme (LGPS) or Teachers' Pension Scheme (TPS) for all employees, including senior postholders.	As per standard LGPS or TPS pension schemes.	N/A	No change



<b>Pension Exchange</b>	If set criteria are met, Senior Post Holders can participate in a pension exchange scheme, to reflect both the market and changes to the pension lifetime allowance	The full value of the employer's pension contribution, were they to be a member of the pension scheme, is paid over to the employee less a deduction equal to the value of any additional employer's NI payable	There is a requirement for individuals to apply to the Remuneration Committee and to demonstrate their eligibility as per the policy and procedure.	Value of the payment made to individuals has been increased in-year, in response to feedback from an external recruitment partner, taking account of the fact that the new arrangement is essentially cost-neutral, as the costs would be incurred if the post holders were members of the pension scheme.
<b>Annual proactive medical screening (taxable benefit)</b>	Executives can receive an annual proactive medical screening if they wish to do so	One screening per year	N/A	No change

It is the role of the Remuneration Committee to make recommendations to the Board in relation to the remuneration of Senior Post Holders, including the Principal and Chief Executive. In formulating its recommendation, the Committee had regard to the following:

- the content of the AoC annual salary survey
- benchmarking data from the Education and Skills Funding Agency (ESFA) accounts database for the previous financial year
- submissions from each Senior Post Holder on their performance over the previous year
- feedback from their line manager on their performance
- a review of completed appraisal paperwork, including performance against objectives

The Remuneration Committee also acts as a sounding board for the Principal and Chief Executive in relation to the remuneration of those executives who are not Senior Post Holders.

In reaching its recommendations, the Remuneration Committee took account of B&FC's quality performance and its excellent financial position when compared with the wider sector.

## **Audit Committee**

The Audit Committee comprises four independent members of the Board, together with a co-opted specialist with expertise in finance and audit matters. In line with the Post-16 Audit Code of Practice, the Principal and Chief Executive and the Chair of the Board of Governors are not members of the Committee. The Committee operates in accordance with written terms of reference approved by the Board which conform to the provisions of the Audit Code of Practice for the sector. The Committee's purpose is to advise the Board on the adequacy and effectiveness of the Board's systems of internal control and its arrangements for risk management, internal control, and governance processes.

The Audit Committee meets three times per year and provides a forum for reporting by the Board's internal and external auditors. The Committee holds at least one meeting per year with the internal and external auditors privately, i.e. without B&FC management being present. The Committee also receives and considers reports from the main FE funding bodies as they affect the Board's business.

B&FC chooses to purchase an internal auditor service. The internal auditor reviews the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and reports their findings to management and to the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and the internal auditors undertake periodic follow-up reviews to ensure that recommendations have been implemented.

The Audit Committee also advises the Board on the appointment of internal and external auditors and the remuneration for both audit and non-audit work, as well as reporting to the Board.

## **Internal control**

### **Scope of responsibility**

The Board is ultimately responsible for B&FC'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 Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of B&FC's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between B&FC and the funding bodies. He is also responsible for reporting to the Board 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 B&FC's 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 B&FC for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Board, with the assistance of the Audit Committee, has reviewed the key risks to which B&FC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

### **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. It includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against budget and forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate

B&FC chooses to purchase 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 B&FC 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 Board on the recommendation of the Audit Committee. The internal auditors provide the Audit Committee and the Board with a report on internal audit activity in B&FC.

### **Risks faced by B&FC**

B&FC maintains an active risk register containing identified material risks. Each risk is assigned an executive lead and operational owner. The operational leads report against likelihood, impact, mitigating actions and target delivery dates. The risks register is routinely reviewed by the Senior Management Team and Audit Committee and is presented to the Board for approval.

### **Control weaknesses identified**

B&FC engages the service of a third-party internal audit service. All recommendations made by the internal audit service and resulting management actions are summarised and actively monitored to ensure appropriate and timely resolution. Progress is reviewed as a standing agenda item at Audit Committee.

### **Responsibilities under funding agreements**

B&FC has several funding agreements with both ESFA and Office for Students and ensures it meets the responsibilities of these agreements. Regular communication takes place with funding bodies to ensure both current and future requirements are aligned to B&FC's strategic plans. Appropriate required oversight and approval is planned in advance.

### **Statement from Audit Committee**

The Audit Committee has advised the Board that B&FC has an effective framework for governance and risk management in place. The Audit Committee believes that B&FC has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements are:

- Review of internal audit reports and the resulting management responses
- Review of the follow-up of previous internal audit recommendations, including in areas directly related to the control environment
- Review of the financial statement and regularity auditor's report to the Committee
- Review of risk management arrangements and consideration of the risk register
- Review of Financial Regulations and consideration of any proposed amendments
- Review of Student Union accounts
- Consideration of the internal and external audit plans for the coming financial year
- Review of any breaches of Financial Regulations

### **Review of effectiveness**

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

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

The Accounting Officer has been advised about the implications of the result of their 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 strategic 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 strategic 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 Board of Governors 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 Board of Governors is of the opinion that B&FC 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".

Approved by order of the Board of Governors on 5<sup>th</sup> December 2023 and signed on



**S Fogg**  
**Chair of the Board of**  
**Governors**



**A Francis OBE**  
**Accounting Officer**

## Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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



A Francis OBE

Accounting officer

5 December 2023

## Statement of the Chair of Board

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.



S Fogg

Chair of Board

5 December 2023

## **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 corporation's grant funding agreements and contracts with ESFA, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in

accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient, and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Board on 5<sup>th</sup> December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Stephen Fogg', written in a cursive style.

**S Fogg**  
**Chair of the Board**



## **Independent Auditor's Report to the Members of Blackpool and The Fylde College**

### **Opinion**

We have audited the financial statements of Blackpool and The Fylde College (the "College") for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies in Note 1. 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 College's affairs as at 31 July 2023 and of the College's income and expenditure, gains and losses, and changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency, and the Accounts Direction, for accounting periods beginning on or after 1 August 2019, issued by the Office for Students.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Board of 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 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 Board of 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 Board of Governors is 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**

We are required to report on the following matters 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 2022 to 2023 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Further, we are required by the Office for Students' Accounts Direction to report to you if the results of our audit work indicate that the College's expenditure on access and participation activities for the

financial year disclosed in Note 9a has been materially misstated.

- We are also required by the Office for Students' Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in Note 2 to the financial statements has been materially misstated.

We have nothing to report in these respects.

### **Responsibilities of Board of Governors**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 31-32, the Board of Governors 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 Board of Governors 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 Board of Governors is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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

Our 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.

### **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 audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the College is 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; and
- 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 College is also subject to many other laws and regulations where the consequences of non-compliance could have a material impact on amounts or disclosures in the financial statements, including Further and Higher Education Act 1992, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the College is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas 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 and inspecting funding agreements and allocations.

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

### **Use of our report**

This report is made solely to the Board of Governors, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 9 July 2021. Our audit work has been undertaken so that we might state to the Board of Governors, 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 Board of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:



For and on behalf of  
BEEVER AND STRUTHERS  
Statutory Auditor  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

Date: 21 December 2023

**To: The Board of Governors of Blackpool and The Fylde College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)**

In accordance with the terms of our engagement letter dated 9 July 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Blackpool and The Fylde College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the Board of Governors of Blackpool and The Fylde College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of Governors of Blackpool and The Fylde College and 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 Board of Governors of Blackpool and The Fylde College and the ESFA for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Blackpool and The Fylde College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

The work undertaken to draw to our conclusion includes:

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

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.

## Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:



Date: 21 December 2023

For and on behalf of  
BEEVER AND STRUTHERS  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

## Statement of Comprehensive Income and Expenditure

	Note	Year Ended 2023 £'000	Year Ended 2022 £'000
<b>INCOME</b>			
Funding body grants	2	31,601	27,733
Tuition fees and education contracts	3	12,769	14,360
Other grants and contracts	4	2,145	1,554
Other income	5	7,359	7,743
Investment income	6	568	97
<b>Total income</b>		<b>54,442</b>	<b>51,487</b>
<b>EXPENDITURE</b>			
Staff costs	8	34,287	34,249
Fundamental restructuring costs	8	17	51
Other operating expenses	9	14,180	13,641
Depreciation	12	5,605	4,822
Interest and other finance costs	10	268	852
<b>Total expenditure</b>		<b>54,357</b>	<b>53,615</b>
<b>Surplus/(Deficit) before other gains and losses</b>		<b>85</b>	<b>(2,128)</b>
Surplus on disposal of assets	9	38	306
<b>Surplus/(Deficit) before tax</b>		<b>123</b>	<b>(1,822)</b>
Taxation	11	(35)	(26)
<b>Surplus/(Deficit) for the year</b>		<b>88</b>	<b>(1,848)</b>
Actuarial gain in respect of pensions schemes	24	3,673	41,238
<b>Total Comprehensive Surplus for the year</b>		<b>3,761</b>	<b>39,390</b>

All items of income and expenditure relate to continuing activities



## Statement of Changes in Reserves

	Income and expenditure account	Restricted reserve	Total
	£'000	£'000	£'000
<b>Balance at 31<sup>st</sup> July 2021</b>	31,229	52	31,281
Deficit from the income and expenditure account	(1,848)	-	(1,848)
Other comprehensive income	41,238	-	41,238
<b>Total comprehensive Surplus for the Year</b>	<b>39,390</b>	<b>-</b>	<b>39,390</b>
<b>Balance at 31<sup>st</sup> July 2022</b>	70,619	52	70,671
Surplus from the income and expenditure account	88	-	88
Other comprehensive income	3,673	-	3,673
<b>Total comprehensive Surplus for the Year</b>	<b>3,761</b>	<b>-</b>	<b>3,761</b>
<b>Balance at 31<sup>st</sup> July 2023</b>	<b>74,380</b>	<b>52</b>	<b>74,432</b>

## Balance sheet as at 31 July

	Notes	2023 £'000	2022 £'000
<b>Non current assets</b>			
Tangible Fixed assets	12	88,330	89,174
Investments	13	50	50
		<b>88,380</b>	<b>89,224</b>
<b>Current assets</b>			
Stocks		4	4
Trade and other receivables	14	3,507	2,965
Investments	15	10,000	-
Cash and cash equivalents	20	12,779	20,121
		<b>26,290</b>	<b>23,090</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	(12,096)	(9,831)
<b>Net current assets</b>		<b>14,194</b>	<b>13,259</b>
<b>Total assets less current liabilities</b>		<b>102,574</b>	<b>102,483</b>
Creditors – amounts falling due after more than one year	17	(26,899)	(28,499)
<b>Provisions</b>			
Defined benefit obligations	19	-	(2,257)
Other provisions	19	(1,243)	(1,056)
<b>Total net assets</b>		<b>74,432</b>	<b>70,761</b>
<b>Restricted reserves – endowment fund</b>		52	52
<b>Unrestricted Reserves</b>			
Income and expenditure account		74,380	70,619
<b>Total reserves</b>		<b>74,432</b>	<b>70,671</b>

The financial statements on pages 40 to 63 were approved and authorised for issue by the Board on 5<sup>th</sup> December 2023 and were signed on its behalf on that date by:



**S Fogg**  
**Chair of the Board**



**A Francis OBE**  
**Accounting Officer**

## Statement of Cash Flows

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flow from operating activities</b>		
Surplus/(Deficit) for the year	88	(1,848)
<b>Adjustment for non-cash items</b>		
Depreciation	5,605	4,822
Surplus on Disposal of Assets	(38)	(306)
(Increase) in debtors	(542)	(802)
Increase/(Decrease) in creditors due within one year	1,309	(162)
(Decrease) in creditors due after one year	(182)	(30)
Increase/ (Decrease) in provisions	400	-
Capital grants release	(1,680)	(1,277)
Pensions costs less contributions payable	1,124	3,173
<b>Adjustment for investing or financing activities</b>		
Investment income	(568)	(97)
Interest payable	268	852
Taxation paid	26	26
<b>Net cash flow from operating activities</b>	<b>5,810</b>	<b>4,351</b>
<b>Cash flows from investing activities</b>		
Investment income	568	97
Sale Proceeds of Fixed Assets	160	711
Deferred capital grant received	1,489	3,083
Short Term Cash Investments	(10,000)	-
Payments made to acquire fixed assets	(4,883)	(5,545)
	<b>(12,666)</b>	<b>(1,654)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(186)	(212)
Repayments of amounts borrowed	(300)	(1,050)
	<b>(486)</b>	<b>(1,262)</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>	<b>(7,342)</b>	<b>1,435</b>
Cash and cash equivalents at beginning of the year	20 20,121	18,686
Cash and cash equivalents at end of the year	20 12,779	20,121

## **Notes to the Accounts**

### **1. Statement of accounting policies**

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

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). B&FC 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 B&FC's accounting policies.

The financial statements are represented in sterling which is also the functional currency of B&FC. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Going concern**

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

B&FC has prepared cash flow forecasts to July 2025. After reviewing these forecasts, the Board is of the opinion that B&FC will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

B&FC has two loans as follows:

- 2018 - £4m fixed rate loan scheduled to repay in 2031. £3m outstanding as of July 2023.
- 2019 - £1.9m fixed rate loan scheduled to repay in 2031. £1.5m outstanding as of July 2023.

B&FC's forecasts and financial projections indicate that it will be able to operate very comfortably within this existing facility and covenants for the foreseeable future. Gearing is low and the option of further borrowing could be explored should the need arise although that need is not currently anticipated.

The 2023/24 budget and related cashflow have approached the next 12 months as a cautious year of financial performance and have reflected a prudent view of considerable economic and political uncertainty. B&FC has significant flexibility in its budget to withstand changes in both revenue and capital expenditure and has not assumed any vacancy lag and adopted prudent assumptions throughout its projections.

Consequently, the Board is confident that B&FC will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **Recognition of income**

### **Grants – Government and non-government**

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 income

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

The recurrent grant from Office for Students 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.

Grants, including research grants, from non-government sources are recognised in income when B&FC 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 economic life of the asset, under the accrual method as permitted by FRS 102. Other non government capital grants are recognised in income when B&FC is entitled to the funds subject to any performance related conditions being met.

### **Other income**

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

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 B&FC 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 to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries based on valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

### **Lancashire County Pension Fund (LGPS)**

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

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

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

### **Short term Employment benefits**

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

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by B&FC 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 B&FC's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spread sheet provided by the funding bodies.

### **Tangible fixed assets**

Tangible fixed assets are stated at 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 based on deemed cost, being the revalued amount at the date of that revaluation.

### **Land and buildings**

Freehold and Leasehold buildings plus major refurbishments and adaptations are depreciated over their expected useful economic life to B&FC (minimum of 20 years to a maximum of 40 years). Freehold land is not depreciated as it is considered to have an infinite useful life.

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, B&FC followed the transitional provision to retain the book value of land and buildings, which were re-valued in 2015, 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.

### **Equipment**

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- |                                                       |          |
|-------------------------------------------------------|----------|
| • Specialist equipment                                | 10 years |
| • IT equipment (from August'18) and general equipment | 5 years  |
| • Motor vehicles                                      | 4 years  |

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

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

Some assets purchased with the aid of capital funding which would not normally be considered for capitalisation, are capitalised and fully depreciated in the year of purchase to comply with funding guidance.

### **Borrowing costs**

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

### **Leased assets**

#### **Operating Leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to B&FC substantially all the benefits and risks of ownership of an asset are treated as finance leases.

#### **Finance Leases**

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

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

### **Investments**

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

### **Stocks**

Inventories are stated at the lower of their cost and net realisable value, being selling price less cost 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.

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 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 B&FC 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

B&FC is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, B&FC 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.

B&FC is partially exempt in respect of Value Added Tax, so that in 2022/23 it could only recover 0.87% 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.

## Provisions and contingent liabilities

Provisions are recognised when

- B&FC has a present legal or constructive obligation because 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.

A contingent liability arises from a past event that gives B&FC a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of B&FC. 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

B&FC 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 included both in the income and expenditure of B&FC except up to 5% of the grant received, which is available to B&FC to cover administration costs relating to the grant.

## Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of B&FC's tangible assets. 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 are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several 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.

- The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

## Pension Asset

FRS 102 requires that defined benefit plan surpluses are recognised only to the extent that they are recoverable either through reduced contributions in the future or through refunds from the plan. The accounting valuation of the Lancashire County Pension Fund at 31 July 2023 identified an accounting surplus of £21.909m.

The scheme's actuary has confirmed that they can demonstrate no economic benefit arising to B&FC from an 'asset ceiling' calculation comparing the present value of future service costs to the present value of future contributions.

Accordingly, B&FC judge that there is insufficient evidence to support the recoverability of the plan's surplus and therefore has not recognised the pension asset position, restricting the surplus to £nil, and reducing actuarial gains by the same amount.

<b>2 Funding body grants</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	5,660	5,254
Education and Skills Funding Agency – 16-18	17,280	14,478
Education and Skills Funding Agency - Apprenticeships	5,567	5,394
Office for Students	1,415	1,330
<b>Specific grants</b>		
ESFA capital grant release	732	643
LEP capital grant release	260	260
OFS capital grant release	687	374
<b>Total</b>	<b>31,601</b>	<b>27,733</b>

As an OfS registered College a single table is required to show grant and fee income for courses at Level 4 and above. The table below summarises this information, which forms part of the disclosures in note 2 and 3;

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent Grants</b>		
Grant Income from the Office for Students	1,415	1,330
Releases of Capital Grants: Office for Students	687	374
Fees for HE Loan supported courses	10,137	11,743
<b>Total Recurrent OfS grants</b>	<b>12,239</b>	<b>13,447</b>

<b>3 Tuition fees and education contracts</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Adult Education Fees	690	249
Fees for FE Loan supported courses	427	983
Fees for HE Loan supported courses	10,137	11,743
Total tuition fees	11,254	12,975
Education contracts	1,515	1,385
<b>Total</b>	<b>12,769</b>	<b>14,360</b>

<b>4 Other grants and contracts</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Other grants and contracts	2,145	1,554
<b>Total other grants and contracts</b>	<b>2,145</b>	<b>1,554</b>

<b>5 Other income</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residences	2,054	1,499
Other income generating activities	4,046	4,235
Exam Fees	97	82
Miscellaneous income	1,162	1,927
<b>Total</b>	<b>7,359</b>	<b>7,743</b>

<b>6 Investment Income</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	568	97
<b>Total</b>	<b>568</b>	<b>97</b>

### **7 Staff numbers**

The average number of persons (including key management personnel) employed by B&FC during the year, described as average annual headcount, was:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	523	519
Non-teaching staff	451	501
	<b>974</b>	<b>1,020</b>

<b>8 Staff costs for the above persons at note 7</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	25,936	24,195
Social security costs	2,535	2,332
Other pension costs	5,524	7,325
<b>Payroll sub total</b>	<b>33,995</b>	<b>33,852</b>
Contracted out staffing services	292	397
	<b>34,287</b>	<b>34,249</b>
Fundamental restructuring costs – contractual	17	51
<b>Total Staff costs</b>	<b>34,304</b>	<b>34,300</b>

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of B&FC and are represented by B&FC's Executive team as follows:

Linda Dean	Executive Director B&FC for Business
Cheryl Dunn	Vice Principal HE and Student Enhancement
Simon Hughes	Vice Principal - Quality and Curriculum
Alistair Mulvey	Vice Principal Finance and Planning
Daryl Platt	Vice Principal - Engagement
Bev Robinson OBE*	CEO and Principal; Accounting Officer

\* A new CEO & principal was appointed post year end (Alun Francis OBE appointed 03/08/2023.)

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	<b>6</b>	<b>6</b>

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

Year	Key Management		Other	
	2023	2022	2023	2022
	No	No	No	No
£60,001 to £65,000	-	-	7	8
£65,001 to £70,000	-	-	3	2
£70,001 to £75,000	-	-	2	8
£75,001 to £80,000	-	-	6	-
£80,001 to £85,000	1	-	-	1
£90,001 to £95,000	1	-	-	-
£95,001 to £100,000	-	2	-	-
£100,001 to £105,000	1	1	-	-
£110,001 to £115,000	1	2	-	-
£115,001 to £120,000	1	-	-	-
£170,001 to £175,000	1	1	-	-
	<b>6</b>	<b>6</b>	<b>18</b>	<b>19</b>

Key management personnel remunerations are made up as follows:

	2023	2022
	£'000	£'000
Salaries	677	690
Benefits in Kind	8	4
Pension Exchange	27	20
National Insurance	94	94
Total	806	808
Pension contributions	96	99
<b>Total emoluments</b>	<b>902</b>	<b>907</b>

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

	2023	2022
	£'000	£'000
Salaries	174	170
Pension Exchange	27	20
Benefits in kind	1	1
National Insurance	28	26
	230	217
Pension contributions	-	-
<b>Total emoluments</b>	<b>230</b>	<b>217</b>

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Principal and CEO's basic salary as a multiple of the median of all staff	6.2	6.7
Principal and CEO's total remuneration as a multiple of the median of all staff	5.6	5.6

No compensation was paid to former key management employees.

The members of B & FC other than the accounting officer and the staff members did not receive any payment from the college other than the reimbursement of travel and subsistence incurred in the course of their duties.

## 9 Other Operating Expenses

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	6,088	6,017
Non-teaching costs	4,957	4,931
Premises costs	3,135	2,693
<b>Total</b>	<b>14,180</b>	<b>13,641</b>

## Surplus before taxation is stated after charging:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration (excluding VAT):		
Financial statements audit* - Beever and Struthers	42	39
Internal audit**	23	20
Other services provided by the financial statement auditor		
- Teachers' Pension Scheme Audit	-	1
Depreciation	5,605	4,822
Profit on sale of fixed assets	38	306
Agency Payments – Disbursal of Free Student Meals	246	211

\* Includes £41,700 in respect of the College (2021/22 £39,500)

\*\* Includes £23,450 in respect of the College (2021/22 £19,074)

## 9a Access and Participation spending

	2023 £'000	2022 £'000
Access investment *(excl Access Disability support)	362	295
Financial support to students	323	332
Disability support *(inc Access Disability support)	341	319
Research and evaluation	70	77
<b>Total</b>	<b>1,096</b>	<b>1,023</b>

These values have been recognised as being spent in the delivery of the 2022/23 Access and Participation Plan. Financial support is based on actual costs while access and disability support are based on an estimation of pay and material related to activities.

	2023 £'000	2022 £'000
<b>10 Interest and other finance costs</b>		
On bank loans, overdrafts and other loans	186	212
On finance leases	3	3
Net interest in defined pension liability (note 24)	79	637
	<b>268</b>	<b>852</b>

## 11 Taxation

	2023 £'000	2022 £'000
Current Year UK Corporation Tax at 19%	35	26
<b>Total</b>	<b>35</b>	<b>26</b>

## 11a Tax Reconciliation

	2023 £'000	2022 £'000
Profit on ordinary activities before tax:	123	135
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (21/22: 19%)	23	26
Loss on charitable activities not subject to taxation	11	-
Additional provision	1	-
Difference in tax rates	-	-
<b>Tax on results on ordinary activities</b>	<b>35</b>	<b>26</b>

12 Tangible fixed assets	Land and buildings		Equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 August 2022 restated	104,288	21	29,180	133,489
Additions and reallocations	771	-	4,112	4,883
Disposals	(150)	-	-	(150)
<b>At 31 July 2023</b>	<b>104,909</b>	<b>21</b>	<b>33,292</b>	<b>138,222</b>
<b>Depreciation</b>				
At 1 August 2022	23,461	15	20,839	44,315
Charge for the year	3,130	1	2,474	5,605
Elimination in respect of disposals	(28)	-	-	(28)
<b>At 31 July 2023</b>	<b>26,563</b>	<b>16</b>	<b>23,313</b>	<b>49,892</b>
<b>Net book value at 31 July 2023</b>	<b>78,346</b>	<b>5</b>	<b>9,979</b>	<b>88,330</b>
Net book value at 31 July 2022 restated*	<b>80,827</b>	<b>6</b>	<b>8,341</b>	<b>89,174</b>

\* A restatement was required due to a classification change between Land and Buildings and Equipment of £1,366k. The total net book value of fixed assets in the prior year remains unchanged at £89,174k.

Additions exclude £1.3m commitments in Note 21.

For the purpose of FRS102 Land and buildings were valued in July 2016 as at 1<sup>st</sup> August 2014 by M.Connolly (BSc, FRICS) from Eckersley a firm of independent chartered surveyors. The index based valuation was adopted as deemed cost as at FRS 102 transition and subsequent additions and disposals applied.

13 Non-current investments	2023	2022
	£'000	£'000
Other non-current asset investments – endowment funds	50	50
<b>Total</b>	<b>50</b>	<b>50</b>

B&FC hold as a Charitable Trust endowment funds on behalf of the Elizabeth Barrow Prize Scheme. The Charitable Trust funds net income is to be used for education in the arts by provision of awards made annually for excellence. The Trust Fund should not drop below the initial deposit of £48k.

B&FC owns 7% of The Lancashire Colleges Ltd, a company limited by guarantee incorporated in England and Wales. The principal business activity of the company is to advise and assist educational institutions in respect of funds and grants that may be available to them. The investment is carried at cost.

B&FC is of one of 8 equal guarantors (12.5% each) for the Lancashire and Cumbria Institute of Technology which was a company limited by guarantee incorporated 25 August 2022.

<b>14 Trade debtors and other receivables</b>	<b>2023</b>	<b>2022</b>
Amounts falling due within one year:	<b>£'000</b>	<b>£'000</b>
Trade receivables	1,343	1,014
Prepayments and accrued income	2,164	1,951
	<hr/>	<hr/>
<b>Total</b>	<b>3,507</b>	<b>2,965</b>
	<hr/>	<hr/>

<b>15 Current Investments</b>	<b>2023</b>	<b>2022</b>
Amounts falling due within one year:	<b>£'000</b>	<b>£'000</b>
Short Term Deposits	10,000	-
	<hr/>	<hr/>
<b>Total</b>	<b>10,000</b>	<b>-</b>
	<hr/>	<hr/>

The investment represents monies placed on 6 month deposit with Santander.

<b>16 Creditors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts (note 18)	300	300
Payments Received on account	32	(6)
Trade Creditors	1,052	1,001
Other taxation and social security	758	1,087
Accruals and deferred income	6,512	5,158
Deferred income - government capital grants	2,578	1,651
Amounts owed to the ESFA	864	640
	<hr/>	<hr/>
<b>Total</b>	<b>12,096</b>	<b>9,831</b>
	<hr/>	<hr/>



<b>17 Creditors: amounts falling due after one year</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans (note 18)	4,200	4,500
Deferred income - government capital grants	22,699	23,817
Amounts owed to the ESFA	-	182
<b>Total</b>	<b>26,899</b>	<b>28,499</b>

#### 18 Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000's</b>	<b>£000's</b>
In one year or less	300	300
Between one and two years	300	300
Between two and five years	900	900
In five years or more	3,000	3,300
	<b>4,500</b>	<b>4,800</b>

B&FC borrowings comprised of the following unsecured fixed rate bank loans:

1. £8m Santander revolving facility final fix agreed July 2019: a.£4m fixed June 2018 at 3.96% repayable by July 2031 b.£1.9m fixed July 2019 at 3.96% also repayable by July 2031

<b>19 Provisions</b>	<b>Defined Benefit LGPS</b>	<b>Defined Benefit EPP</b>	<b>Other Provisions (note 23)</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2022	2,257	1,056	-	3,313
Change in provisions during the period	(2,257)	(213)	400	(2,070)
<b>At 31 July 2023</b>	<b>0</b>	<b>843</b>	<b>400</b>	<b>1,243</b>

Defined benefit obligations relate to the liabilities under B&FC's membership of the Local Government Pension Scheme. Further details are given in note 24.

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

The principal assumptions for this calculation are:

	<b>2023</b>	<b>2022</b>
Price inflation	2.8%	2.9%
Discount rate	5.0%	3.3%

<b>20 Cash and cash equivalents</b>	<b>At 1 August 2022 £'000</b>	<b>Cash flows £'000</b>	<b>At 31 July 2023 £'000</b>
Cash and cash equivalents	20,121	(7,342)	12,779
Investments	0	10,000	10,000
<b>Total</b>	<b>20,121</b>	<b>2,658</b>	<b>22,779</b>

2022/23 includes two short term, fixed rate deposits totalling £10m.

<b>21 Capital and other commitments</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Commitments contracted for on 31 July	1,267	794

## **22 Lease obligations**

At 31 July 2023 B&FC had no operating leases (2022: none).

## **23 Contingencies**

The £400k in note 19 has been included as a potential liability estimate of the cost of remediation of the Harpur Trust v Brazel ruling pending a final legal resolution.

## **24 Defined benefit obligations**

B&FC's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS); and the Lancashire County Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2019 and of the LGPS 31 March 2023. The result of the TPS valuation was that employer contributions would rise from 16.48% to 23.68% from September 2019. The Department of Education has funded the extra TPS contributions since 2022/23 and will continue to do so again in 2023/24.

The LGPS has a gross accounting surplus at the reporting date of £21.909m. In line with FRS 102 requirements B&FC has recognised an asset on the balance sheet to the extent that it is able to recover the surplus, either through reduced contributions in the future, or through refunds from the plan.

The scheme's actuary has confirmed that they can demonstrate no economic benefit arising to B&FC from an 'asset ceiling' calculation comparing the present value of future service costs to the present value of future contributions.

Accordingly, B&FC has not recognised the pension asset position, restricting the surplus to £nil, and reducing actuarial gains by the same amount.

The enhanced pension provision relates to commitments for previous reorganisation costs from which B&FC cannot reasonably withdraw at the balance sheet date.

<b>Total pension cost for the year</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	2,394	2,287
Local Government Pension Scheme:		
Contributions paid	2,020	1,844
FRS 102 (28) charge	1,111	3,184
Charge to the Statement of Comprehensive Income	3,131	5,028
<b>Total Pension Cost for Year within staff costs</b>	<b>5,525</b>	<b>7,315</b>

### 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, including academies, in England and Wales that are maintained by local authorities. Membership is automatic for teachers and lecturers. Teachers and lecturers can 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. B&FC is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, B&FC 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. B&FC has set out above the information available on the plan and the implications for B&FC 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 2019. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to continue to pay a teacher pension employer contribution grant to cover the additional costs during the 2023-24 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £2.4m (2022/23: £2.3m)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Pension Fund. The total contributions made for the year ended 31 July 2023 were £2.8m, of which employer's contributions totalled £2.0m and employees' contributions totalled £0.8m. The agreed contribution rates for the year to 31<sup>st</sup> March 2024 is 17.9% rising to 19.3% from April 2024 and again from April 2025 to 20.6% for employers and ranges from 5.5% to 12.5% for employees, depending on salary according to a national scale.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund on 31 March 2022 updated to 31 July 2023 by Mercers.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.2%	4.2%
Future pensions increase	2.8%	2.8%
Discount rate	5.1%	3.5%
Inflation assumption (CPI)	2.7%	2.7%

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 2023	At 31 July 2022
	Years	Years
<i>Retiring today</i>		
Males	21.0	22.3
Females	23.4	25.0
<i>Retiring in 20 years</i>		
Males	22.2	23.7
Females	25.2	26.8

B&FC's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	49,453	47,682
Bonds	409	4,445
Property	9,707	11,011
Cash/Liquidity	613	1,616
Other	41,994	36,266
<b>Total fair value of plan assets</b>	<b>102,176</b>	<b>101,020</b>
<b>Actual return on plan assets</b>	<b><u>2,228</u></b>	<b><u>8,505</u></b>

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

	2023 £'000	2022 £'000
Fair value of plan assets	102,176	101,020
Present value of plan liabilities	(80,145)	(103,086)
Present value of unfunded liabilities	(122)	(191)
Net pensions asset/liability	<b>21,909</b>	<b>(2,257)</b>
Surplus not recognised	(21,909)	-
Net pension asset/liability (note 19)	<b>0</b>	<b>(2,257)</b>

	2023 £'000	2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	3,131	5,065
Administration Expenses & curtailments	107	81
<b>Total</b>	<b>3,238</b>	<b>5,146</b>

	At 31 July 2023	At 31 July 2022
<b>Amounts included in investment costs</b>		
Net interest cost	44	617
Total	44	617

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	(2,702)	7,029
Changes in assumptions underlying the present value of plan liabilities	28,130	34,089
Surplus not recognised	(21,909)	0
Enhanced pension provision	154	120
<b>Amount recognised in Other Comprehensive Income</b>	<b>3,673</b>	<b>41,238</b>

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

	2023 £'000	2022 £'000
Net defined benefit asset/(liability)/ in scheme on 1 August	(2,257)	(39,493)
Movement in year:		
Current service cost	(3,131)	(5,065)
Employer contributions	2,020	1,881
Administration expenses	(107)	(81)
Net interest cost	(44)	(617)
Actuarial gain / re measurement	3,519	41,118
<b>Net defined benefit asset/(liability) on 31 July</b>	<b>0</b>	<b>(2,257)</b>

**Asset and Liability Reconciliation**

	2023 £'000	2022 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	103,277	131,231
Current service cost	3,131	5,065
Interest cost	3,586	2,092
Contributions by Scheme participants	749	727
Changes in financial assumptions	(28,130)	(34,089)
Benefits/transfers paid	(2,383)	(1,762)
Curtailment and Settlements	37	13
<b>Defined benefit obligations at end of period</b>	<b>80,267</b>	<b>103,277</b>

	2023	2022
	£'000	£'000
Changes in fair value of plan assets Fair value of plan assets at start of period	101,020	91,738
Interest on plan assets	3,542	1,475
Return on plan assets	(2,702)	7,029
Administration expenses	(70)	(68)
Employer contributions	2,020	1,881
Contributions by Scheme participants	749	727
Estimated benefits paid	(2,383)	(1,762)
<b>Fair value of plan assets at end of period</b>	<b>102,176</b>	<b>101,020</b>

## 25 Related Party Transactions

Due to the nature of B&FC's operations and the composition of the Board 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 may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with B&FC's financial regulations and normal procurement procedures.

Only those declared Related Party organisations which shared transactions with B&FC during the year are listed below.

### **Ascentis W Robinson - Board member**

During the year B&FC received no payments (2021/22: £0). There was no balance outstanding at year end. (2021/22: £0). Purchase transactions totalling £104,171 (2021/22: £70,830) took place. There was £1,932 outstanding at the year end (2021/22: £3,042).

### **Association of Colleges B Robinson - member**

During the year B&FC received £2,000 (2021/22: £0). There was no balance outstanding at year end (2021/22: £0). Purchase transactions totalling £52,083 (2021/22: £51,707) took place. There was no outstanding balance at the year end (2021/22: £50,609).

### **BAE Systems C Holt – Employee, S Fogg - Shareholder**

During the year B&FC received £1,811,074 (2021/22: £1,667,439). There was £386,074 outstanding at year end. (2021/22: £486,037). No purchase transactions occurred (2021/22: £0). There was no outstanding balance at the year end (2021/22: £0).

### **Blackpool Borough Council J Lockley - Employee**

During the year B&FC received £645,440 (2021/22: £632,113). There was £59,831 outstanding at year end (2021/22: £0). Purchase transactions totalling £82,836 (2021/22: £118,408) took place. There was no outstanding balance at the year end (2021/22: £12,320).

### **Blackpool Teaching Hospital NHS FT S Fogg - Chair**

During the year B&FC received £4,060 (2021/22: £1,969). There was no balance outstanding at year end (2021/22: £0). Purchase transactions totalling £1,000 (2021/22: £15,500) took place. There was no outstanding balance at the year end (2021/22: £0).

### **Blackpool Transport Ltd J Cole - Employee**

During the year B&FC received £87 (2021/2022: £1,971). There was £87 outstanding at year end. (2021/22: £0). Purchase transactions totalling £480,226 (2021/22: £421,322) took place. There was no outstanding balance at the year end (2021/22: £45,361).

### **Lancaster University W Robinson – Employee**

During the year B&FC received £0 (2021/22: £0). There was no balance outstanding at year end (2021/22: £0). Purchase transactions totalling £1,031,440 took place (2021/22: £1,178,526). There was no outstanding balance at the year end (2021/22: £0).

**NW Chamber of Commerce J Cole - President**

During the year B&FC received £0 (2021/22: £0). There was no balance outstanding at year end (2021/22: £0). Purchase transactions totalling £6,000 took place (2021/22: £6,442). There was no outstanding balance at the year end (2021/22: £0).

**Partington's Holiday Centres Limited B Robinson OBE - Director**

During the year B&FC received £25,315 (2021/22: £0). There was no balance outstanding at year end. (2021/22: £0). No purchase transactions occurred (2021/22: £0). There was no outstanding balance at the year end (2021/22: £0).

**The Lancashire Colleges Limited A Challis - Employee**

During the year B&FC received £1,670 (2021/22: £68,572). There was no balance outstanding at year end. (2021/22: £0). No purchase transactions occurred (2021/22: £0). There was no outstanding balance at the year end (2021/22: £0).

There was one expense claim paid to or on behalf of the Board members during the year for £12 (2021/22: None). This would represent travel and subsistence expenses and other out of pocket expenses incurred in attending Board meetings and charity events in their official capacity.

No Board member has received any remuneration or waived payments from B&FC during the year (2021/22: None).

<b>26 Amounts disbursed as agent Learner support funds</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Funding body grants – bursary support	809	542
Disbursed to students	(529)	(721)
Administration costs	(43)	(45)
Balance unspent as of 31 July, included in creditors	<u>237</u>	<u>(224)</u>

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