

Blackpool and The Fylde College
Report and Financial Statements for the year ended 31 July 2022

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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 2021/22:

		From	To
Linda Dean	Executive Director B&FC for Business	1/8/21	31/7/22
Cheryl Dunn	Vice Principal HE and Student Enhancement	1/8/21	31/7/22
Simon Hughes	Vice Principal - Quality and Curriculum	1/8/21	31/7/22
Alistair Mulvey	Vice Principal Finance and Planning	1/8/21	31/7/22
Daryl Platt	Vice Principal - Engagement	1/8/21	31/7/22
Bev Robinson OBE	CEO and Principal; Accounting Officer	1/8/21	31/7/22

Board of Governors

PDH Advisory Ltd acted as Clerk to the Board from 1st August 2021 to 31st July 2022. A full list of Board Members is given on page 19 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:

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham. PO14 1AH

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 2022.

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 main strategic planning document for B&FC and was updated in March 2022 for the period 2022 to 2025. This reflects a number of 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 considerable and rapidly changing external challenges. In addition, B&FC plans to continue 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 our 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 our 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 our local, regional and national partners.

A series of performance indicators have been agreed to monitor the successful implementation of the objectives.

Financial objectives

B&FC aims to retain robust financial stability and generate surpluses to invest in learning whilst at all times ensuring it receives value for money to support the quality of student experience. In order to achieve this it has the following 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
- To fund continued capital investment to support learning
- To improve the efficiency of processes

B&FC was required by the Education and Skills Funding Agency (ESFA) to complete a 2 year College Financial Forecast return in July 2022. ESFA has confirmed an ongoing Outstanding financial health status based on this return.

Resources:

Financial

B&FC had £70.6m of net assets in 2021/22 after the inclusion of £3.3m pension liability, an increase from £31.3m in 2020/21 due to an annual review of actuarial assumptions.

Tangible resources include fixed assets which increased to £89.2m including B&FC's 5 main sites across Fylde and Wyre. The Ansdell site is closed pending completion of sale negotiations with disposal expected late 2023. B&FC continued to increase its net cashflow from operating activities with a cash balance of £21.1m 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 1,020 2021/22, of whom 519 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:

- In November 2021, as part of the routine cycle of Ofsted inspections, B&FC was inspected. The inspection was conducted using Ofsted's most recent inspection framework. B&FC was graded as Good and the report identifies

many areas where B&FC excels, not least in how it helps students transition successfully into sustainable careers, thus helping to power the UK and regional economy. In addition, the report praises the transformative work of B&FC with regard to adult education, which empowers students to shape their own futures.

- The B&FC pass rate for the first cohort of students achieving an overall T Level grade is 100%, compared to the overall England rate of 92%. The proportion of students who achieved a high grade is 85%, which is 13% higher than the average England rate.
- B&FC has been selected as a WorldSkills Centre of Excellence for learning, teaching and assessment. Participation in the prestigious WorldSkills UK Excellence Framework helps teachers to share good practice in the delivery of technical skills that enhance the students' learning experience.
- During 2021/22 B&FC applied for Bachelor Degree Awarding Powers. These were granted on 13 September 2022 making B&FC the only further education college in the North West and one of only three in the country with these powers. B&FC was also granted indefinite Foundation Degree Awarding Powers.
- According to the most recent Graduate Outcomes HE survey data, 82% of B&FC students progressed into work or further study, over 80% for the past three years. According to the survey, 40% of B&FC graduates in highly skilled employment earn £33k or more, compared with 15% in the sector.
- In 2021/22 98% of 16-18 years 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 is in the top HEI quartile for Assessment and Feedback and Academic Support. When compared to the NSS benchmark and the England average, B&FC scores higher in seven of the eight categories and also for Overall Satisfaction.
- 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's ESFA Financial Health scored remains Outstanding

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 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

B&FC is 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 19.

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 deficit before other gains and losses in the year of £1.8m, (2020/21 – deficit of £0.5m). This includes £3.9m of FRS102 related pension costs (£3.5m in 2020/21). The Total Comprehensive Income was £39.4m, (2020/21 - £4.5m) which includes £41.2m of positive actuarial revaluation in respect of B&FC's defined benefit LGPS pension scheme.

B&FC has accumulated reserves of £70.6m (2020/21 £31.3m) 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 £20.1m (2020/21 £18.7m) and also reflect a reduction in borrowing to £4.8m (2020/21 £5.9m).

B&FC has some reliance on the education sector funding bodies as a principal funding source, mainly from recurrent grants via the ESFA. This reliance had been decreasing but, in 2020/21, increased to 53% and remained at that level in 2021/22 due to reduced overall income, with the majority of this reduction being in commercial provision. 53% remains well below the 78% sector average as B&FC continues to seek opportunities to grow its diversified income streams.

Cash flows and liquidity

At £4.4m, (2020/21 £7.5m) 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 £215k was clearly exceeded comfortably by the operating cashflow of £4.4m.

B&FC has 2 loans, both with Santander.

- A 2012 £6.0m fixed rate loan which was fully repaid in May 2022
- A 2019 £5.9m fixed rate loan repayable by June 2031, with an outstanding balance of £4.8m

Therefore total borrowings were £4.8m at the end of 2021/22

Developments

Tangible fixed asset (capital) additions, during the year amounted to £5.5m. This was split between land and buildings development of £1.6m and equipment purchased of £3.9m, £2m of which was funded by OfS following a successful bidding

process. This was mainly industry leading STEM learning and teaching equipment, IT infrastructure investment, building development and repairs and landscaping.

Reserves

B&FC has accumulated reserves of £70.6m and cash and short term investment balances of £20.2m. It is B&FC's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

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 2021/22, Government funding bodies provided 53% of B&FC's total income versus the 2020/21 General Further Education and Technical College average of 78%.

Student numbers

In 2021/22, B&FC delivered activity that produced £26.5m in public funding body main allocation funding. Approximately 13,300 students chose to study at B&FC of whom 8,000 were either part or wholly publicly funded.

FUTURE PROSPECTS

B&FC remains financially outstanding with positive cashflows and low borrowing. B&FC continues to explore new opportunities in its curriculum, facilities and services as the funding, regularity and economic environment changes. B&FC also aims to increase 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 our apprentices and students.

The development of the property strategy is an evolving and iterative process taking into account changing needs and circumstances.

Included in the Property Strategy are projects involving:

- Consolidation and maintenance of the premises to ensure they are raised to, and stay in, the A and B categories for condition
- Completion of the existing property strategy
- 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

The significant projects delivered in 2021/22 were:

- The sale of the Carr Head site which was completed in June 2022
- The Ansdell site sale is progressing to exchange of contracts with anticipated completion in 2023 – 2024.
- A range of internal refurbishment to support the growth technical and professional education such as a new mezzanine floor to the Marine Engineering Centre at Fleetwood Nautical Campus, T level suites and the refurbishment of the Learning Resource Centres at Bispham and the University Centre campuses
- Planting of over 220 sapling trees and shrubs

Financial Plan

The B&FC Board approved a financial plan in July 2022 which sets objectives for the period to 2024. B&FC aims to maintain its health rating of 'Outstanding' and achieve a moderate surplus in 2022/23.

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. Any borrowing requires the authorisation 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 £70.6m (2020/21: £31.3m). 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 key 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 three 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 2021/22, Government funding bodies provided 53% of B&FC's total income. This reliance had been decreasing over the past three years and remains well below the sector average of 78%. 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 future funding:

- The cost of living implications of Brexit, war, global unrest and the policy responses of the Government leadership team are not yet fully apparent.
- Fluctuations in gas and electricity costs.
- The political disruption of a UK government leadership change and resulting cost of living interventions.
- Future government spending plans are uncertain, particularly in view of the post covid, ongoing conflict UK debt position.
- 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 is yet to be fully appreciated within the FE sector

2. Maintaining and growing levels of commercial funding

The Covid-19 pandemic has materially impacted upon many of the commercial partners of B&FC resulting in changes in the levels of commercial income secured. The pace of recovery and the commercial view of partners in relation to continued investment in training and education of their workforce will be closely monitored by B&FC both nationally and internationally to ensure that B&FC is position to respond appropriately to future challenges. The challenges coming out of the pandemic have been further escalated with inflationary pressures reaching a 20 year high and

specific financial pressures as energy process soar causing significant financial uncertainty and risk in year and moving forward.

3. Maintain adequate funding of pension liabilities

The LGPS triannual revaluation has been completed and there is a suggested increase in employers pension contribution from 16.2% to 20.6% from April 2023.

The financial statements report the share of the Local Government Pension Scheme deficit 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&FC is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Consolidating B&FC vehicle visits/deliveries between sites
- Replace B&FC fleet vehicles with electric vehicles when due
- Ran campaigns to save electricity by turning of lights, equipment, computers etc at the end of each day
- Promoted the continued use of Teams across B&FC to reduce requirement for travel between sites
- Continue to promote the car share scheme with reserved parking spaces for car share vehicles
- Carefully manage overall heating temperature
- Developed a Heating/Energy Strategy - to replace at least 50% of gas boilers with alternatives, such as air source heat pumps, by 2030

UK Greenhouse gas emissions and energy use data for the period	2022	2021
Energy consumption used to calculate emissions (kWh)	9,727,371	9,522,142
Scope 1 emissions in metric tonnes CO ₂ e;		
Gas consumption	1,024	1,090
B&FC owned transport – mini-buses/B&FC fleet	120	117
Total	1,144	1,207
Scope 2 emissions in metric tonnes CO ₂ e;		
Purchased electricity	693	652

Scope 3 emissions in metric tonnes CO ₂ e; Business travel in employee owned vehicles	14	4
Total gross emissions in metric tonnes CO₂e	1,851	1,863
Intensity ratio tonnes CO₂e per onsite student	0.14	0.15

Quantification and reporting methodology

B&FC has followed the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard, the 2022 UK Government's Conversion Factors for reporting 2021/22 and the 2021 Conversion Factors for 2022/21.

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 2021/2022
Student Value Added	0.19	0.40
EBITDA as % of income (education specific)	10.9%	11.4%
Pay as a percentage of Income	63.1%	61.7%
Staff survey engagement %	80%	83.6%
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.

T levels have 100% achievement rate with 85% of students achieving a grade of Merit and above, which is equivalent to three A Levels at grade B and above and is 11% higher than the national overall rate. 39% successfully gained a Distinction T Level grade, which is equivalent to three A Levels at grade A and the maximum amount of UCAS points and is 4% higher than the national overall rate.

The GCSE high grade pass rates across mathematics and English was 41%, which is 17% higher than the last time students sat exams in 2018/19.

The Extended Diploma pass rate was 97% of which 45% were high grades across all qualifications.

2021/22 saw a number of 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 LEP 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 our 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, 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, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the satisfactory provision of goods or services or the date on which the invoice was received.

The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2021 to 31 July 2022, B&FC paid 96.8% of its compliant payments within 30 days (97.6% in 2020/21). B&FC incurred no interest charges in respect of late payment for this period.

EQUALITY, DIVERSION AND INCLUSION (EDI)

The B&FC Equality, Diversity and Inclusion (EDI) strategic vision is summed up in the EDI Strategy for 2022-2025. 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. We celebrate the diversity of all our students, apprentices, colleagues, and any visitors accessing our 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 (2022-2025) 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 our inclusive learning teaching and assessment practices and use data to inform actions that close evidenced or predicted gaps
- Work within our 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 our communities.

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 2022
Mean gender pay gap	7.3%
Median gender pay gap	2.3%
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	48.30%	51.70%
2	47.00%	53.00%

3	42.20%	57.80%
4 – Upper quartile	29.70%	70.30%

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 that the training, career development and promotion of a person with a disability should, as far as possible, be identical to that of our other employees.

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 2021 to 31 March 2022.

Table 1 - Relevant trade union officials

Number of employees who were trade union officials during the relevant period	Full time equivalent employee number
3	2

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	£4,500
Total pay bill	£30,478,880
% 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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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

- September 2022 – B&FC was granted Bachelor Degree Awarding powers and indefinite Foundation Degree Awarding powers.
- September 2022 – The Lancashire and Cumbria Institute of Technology Ltd was Incorporated with a plan to start delivering courses from January 2023.
- On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector into the central government sector. The transfer to the central government sector will mean that colleges will be subject to the public financial management framework as set out in 'Managing Public Money' published by HM Treasury. The details of implications are being assessed. (note 23)

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 6 December 2022 and signed on its behalf by:



S Fogg
Chair of the Board

Governance Statement

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 2021 to 31 July 2022 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 reviews its governance arrangements at least annually and this was last undertaken as an internal governance review in September 2022.

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 2021/22.

Name	Category of membership	Date first appointed	Term ends/ resigned	Attendance				
				B	A	Q	R	S
Helen Broughton MBE	Independent	26/01/2021	25/01/2025	88%	-	80%	100%	100%
Alan Cavill	Independent	15/12/2013	14/12/2021	100%	-	-	100%	100%
Jane Cole	Independent	11/12/2018	10/12/2022	75%	100%	-	-	0%
Richard Fee	Independent	28/08/2021	16/05/2022 [†]	83%	-	100%	-	-
Steve Fogg	Independent	26/01/2021	25/01/2025	63%	-	-	-	100%
Kamil Gradowski	Student	01/09/2021	31/08/2022	63%	-	-	-	-
Vicky Henderson	Student	01/09/2021	31/08/2022	88%	-	-	-	-
Colleen Hickson	Staff	22/09/2015	21/09/2023	88%	-	-	-	-
Chris Holt	Independent	04/02/2020	03/02/2024	75%	100%	-	-	-
Heather Knight	Independent	01/03/2018	28/02/2022	100%	-	100%	-	-
Suzy Layton	Independent	26/01/2021	25/01/2025	88%	0%	-	-	-
Sandy Lee	Staff	02/11/2021	01/11/2022 [*]	100%	-	-	-	-
Antony Lockley	Independent	07/12/2021	06/12/2022 [*]	100%	-	100%	-	-
Martin Long	Independent	22/10/2019	21/10/2023	100%	67%	-	100%	-
Adrian Mills	Independent	06/07/2021	05/07/2025	88%	-	100%	-	-
Judith Mills	Independent	21/01/2014	20/01/2022	100%	100%	-	-	100%
Bev Robinson OBE	Principal	29/04/2013	Ex-officio	100%	-	-	-	100%
Wendy Robinson	Independent	01/03/2022	28/02/2023 [*]	75%	-	100%	-	-

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 resigned part-way through their term of office.

Alan Cavill was the Chair of the Board to 14 December 2021, and Steve Fogg was the Chair of the Board from 15 December 2021. Helen Broughton MBE was the Vice-Chair for the whole of the reported period.

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, monitoring the effectiveness of B&FC's governance practices and overseeing the maintenance of B&FC's robust conditional recovery plan in light of the COVID-19 pandemic and the return to more business-as-usual arrangements during the year.

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

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

Members of the Board are able to 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. They remain abreast of developments in the FE sector by subscribing to weekly updates from the Association of Colleges and they receive regular updates from our legal services provider, as well as briefings circulated by the Chartered Governance Institute. They also attended the Chartered Governance Institute's annual conference in July 2021.

During the summer of 2022, they acted as the technical reviewer during the updating of a corporate governance study text which incorporates such matters as the principles of governance and the use of voluntary codes. These activities benefit governance performance by ensuring that the Clerk remains aware of developments and is able to 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. Additional briefings are also provided 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 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

The Board undertakes a self-assessment exercise each year, and this year the exercise took the form of a questionnaire. A feedback session was facilitated by the Clerk to the Corporation and the results were reported to the Board for completeness.

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 are able to 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 January 2022. It included a keynote session delivered by the Further Education Commissioner on her roles and responsibilities as well as the wider strategic landscape for further education. The session also 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. A dedicated training session on the new Ofsted inspection framework was also provided in November 2021 and a strategy session was held in March 2022.

As advisor to the Board on governance matters, the Clerk also attends all of these development sessions to ensure continued professional development. Self-directed research is also undertaken, which includes reading regular bulletins from the Association of Colleges and from B&FC's legal advisors as well as remaining alert to developments across other sectors.

Remuneration Committee

Throughout the year ended 31 July 2022, 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 2022 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 followed the minimum requirements thereof.

B&FC aims to ensure that key management personnel are remunerated at an appropriate level, taking into account 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 perated	Maximum opportunity	Description of performance metrics	Changes from previous year
Base salary	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
Benefits	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
Pension	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
Pension Exchange	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	Initially 10% of annual salary, subject to periodic review so that it never matches or exceeds what would have been B&FC's pension contribution	There is a requirement for individuals to apply to the Remuneration Committee and to demonstrate their eligibility as per the policy and procedure.	No change
Annual proactive medical screening (taxable benefit)	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 has regard to the following:

- 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 strong 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. She 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 2022 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 2022 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. In particular, 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 Auditor provides the Audit Committee and Board with a report on internal audit activity in B&FC.

Risk 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 SMT and Audit Committee.

Control weaknesses identified

B&FC engages the service of a third-party internal audit service. All recommendations made by the internal auditor 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 a number of 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 2021/22 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. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the college who have responsibility for the development and maintenance of the internal control framework

- 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 on 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's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its September 2022 meeting, the corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team, external audit and internal audit and taking account of events since 31 July 2022.

Based on the advice of the Audit Committee and the Accounting Officer, the Board 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 on 6 December 2022 and signed on its behalf by:



Steve Fogg
Chair of the Board



Bev Robinson OBE
Accounting Officer

Statement of Regularity, Propriety and Compliance

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

We confirm on behalf of the Board that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by B&FC, or material non-compliance with the terms and conditions of funding, under B&FC's grant funding agreements and contracts with the ESFA, or any other public funder.

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



B Robinson OBE
Accounting Officer

6th December 2022

Statement of the Chair of Board

On behalf of the Board, 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

6th December 2022

Statement of Responsibilities of the Members of the Board

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

Within the terms and conditions of B&FC's grant funding agreements and contracts with ESFA, the Board – through its Accounting Officer - is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess B&FC's ability to continue as 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 Board 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 B&FC.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of B&FC 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 Board 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 Board are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for

ensuring that funds from 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. Members of the Board 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 Board are responsible for securing economic, efficient and effective management of B&FC'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 6th December 2022 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 Corporation" for the year ended 31 July 2022 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 at Note 1. The financial reporting framework that has been applied in their preparation is applicable law and 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 Corporation's financial position as at 31 July 2022 and of its surplus of income and expenditure, for the year then ended; and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, College Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency, and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education; and meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the OfS Accounts Direction')

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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Corporation'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 Board of Governors are responsible for the other information. The other information comprises the information included in the Strategic Report, Governance Statement, Statement of Regularity, Propriety and Compliance, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

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 Corporation for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the 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

Under the Post-16 Audit Code of Practice 2021-2022 issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

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 Corporation'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 Corporation'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 Members of the Corporation set out on page 29, the Board of Governors are responsible for the preparation of the 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 are responsible for assessing the Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the Further Education sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Further and Higher Education Act 1992, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures depreciation and salaries and wages to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the Corporation's members, as a body, in accordance with our engagement letter dated 9 July 2021 our audit work has been undertaken so that we might state to the Board's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and the Board's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:

Date: 12 December 2022

A handwritten signature in cursive script that reads "Beever and Struthers".

For and on behalf of
BEEVER AND STRUTHERS

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 2021 to 31 July 2022 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 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 2021 to 31 July 2022 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 Corporation'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.

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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

Date: 12 December 2022



For and on behalf of
BEEVER AND STRUTHERS

Statements of Comprehensive Income and Expenditure

	Note	Year Ended 2022 £'000	Year Ended 2021 £'000
INCOME			
Funding body grants	2	27,733	26,539
Tuition fees and education contracts	3	14,360	16,650
Other grants and contracts	4	1,554	1,464
Other income	5	7,743	5,024
Investment income	6	97	17
Total income		51,487	49,694
EXPENDITURE			
Staff costs	8	34,249	32,746
Fundamental restructuring costs	8	51	77
Other operating expenses	9	13,641	12,206
Depreciation	12	4,822	4,296
Interest and other finance costs	10	852	839
Total expenditure		53,615	50,164
Deficit before other gains and losses		(2,128)	(470)
Surplus on disposal of assets	9	306	-
Deficit before tax		(1,822)	(470)
Taxation	11	(26)	(15)
Deficit for the year		(1,848)	(485)
Actuarial gain in respect of pensions schemes	24	41,238	4,952
Total Comprehensive Surplus for the year		39,390	4,467

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
Balance at 31st July 2020	26,762	51	26,813
Surplus from the income and expenditure account	(485)	-	(485)
Other comprehensive income	4,952	1	4,953
Total comprehensive Surplus for the Year	4,467	1	4,468
Balance at 31st July 2021	31,229	52	31,281
Deficit from the income and expenditure account	(1,848)	-	(1,848)
Other comprehensive income	41,238	-	41,238
Total comprehensive Surplus for the Year	39,390	-	39,390
Balance at 31st July 2022	70,619	52	70,671

Balance sheet as at 31 July

	Notes	Year Ended 2022	Year Ended 2021
		£'000	£'000
Non current assets			
Tangible Fixed assets	12	89,174	88,856
Investments	13	50	50
		<u>89,224</u>	<u>88,906</u>
Current assets			
Stocks		4	4
Trade and other receivables	14	2,965	2,163
Cash and cash equivalents	19	20,121	18,686
		<u>23,090</u>	<u>20,853</u>
Less: Creditors – amounts falling due within one year	15	(9,831)	(10,311)
		<u>13,259</u>	<u>10,542</u>
Total assets less current liabilities		102,483	99,448
Creditors – amounts falling due after more than one year	16	(28,499)	(27,426)
Provisions			
Defined benefit obligations	18	(3,313)	(40,741)
		<u>70,671</u>	<u>31,281</u>
Total net assets		70,671	31,281
Restricted reserves – endowment fund			
		52	52
Unrestricted Reserves			
Income and expenditure account		31,229	26,762
		<u>39,390</u>	<u>4,467</u>
Total reserves		70,671	31,281

The financial statements on pages 38 to 59 were approved and authorised for issue by the Board on 6th December 2022 and were signed on its behalf on that date by:



S Fogg
Chair of the Board



B Robinson OBE
Accounting Officer

Statement of Cash Flows

	2022	2021
	£'000	£'000
Cash flow from operating activities		
Surplus/(Deficit) before other gains and losses	(1,848)	(485)
Adjustment for non-cash items		
Depreciation	4,822	4,297
Surplus on Disposal of Assets	(306)	-
(Increase) in debtors	(802)	1,364
(Decrease) in creditors due within one year	(163)	(42)
(Decrease) in creditors due after one year	(1,303)	(789)
(Decrease) in provisions	(37,428)	(1,917)
Pensions costs less contributions payable	41,238	4,952
Adjustment for investing or financing activities		
Investment income	(97)	(17)
Interest payable	212	178
Taxation paid	26	-
	<hr/>	<hr/>
Net cash flow from operating activities	4,351	7,541
	<hr/>	<hr/>
Cash flows from investing activities		
Investment income	97	17
Sale Proceeds of Fixed Assets	711	-
Deferred capital grant received	3083	1,787
Payments made to acquire fixed assets	(5,545)	(3,253)
	<hr/>	<hr/>
	(1,654)	(1,449)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	(212)	(178)
Repayments of amounts borrowed	(1,050)	(1,050)
	<hr/>	<hr/>
	(1,262)	(1,228)
	<hr/>	<hr/>
Increase in cash and cash equivalents in the year	1,435	4,864
	<hr/>	<hr/>
Cash and cash equivalents at beginning of the year	19 18,686	13,822
Cash and cash equivalents at end of the year	19 20,121	18,686

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 2021 to 2022 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 covering a period of 19 months from the date of approval of these financial statements. 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 currently has one borrowing facility with Santander having completed repayment of its 2012 £6.0m fixed loan in May 2022. The remaining loan is a 2015 facility of which £5.9m was fixed, £4.8m is outstanding and loan repayments are scheduled until 2031. 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 particular 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 so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

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 as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by 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 on the basis of 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:

- Heavy 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 1st 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.

Foreign currency translation

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

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 2021/22 it could only recover 0.52% 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 as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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 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, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Tangible fixed assets**

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

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants	2022	2021
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	5,254	5,236
Education and Skills Funding Agency – 16-18	14,478	13,972
Education and Skills Funding Agency – apprenticeships	5,394	4,736
Office for Students	1,330	1,454
Specific grants		
ESFA capital grant release	643	487
LEP capital grant release	260	267
OFS capital grant release	374	387
Total	27,733	26,539

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;

	2022	2021
	£000's	£000's
Recurrent Grants		
Grant Income from the Office for Students	1,330	1,454
Releases of Capital Grants: Office for Students	374	387
Fees for HE Loan supported courses	11,743	13,994
Total Recurrent OfS grants	13,447	15,835

3 Tuition fees and education contracts	2022	2021
	£'000	£'000
Adult Education Fees	249	189
Fees for FE Loan supported courses	983	1,491
Fees for HE Loan supported courses	11,743	13,994
International students' fees	-	87
Total tuition fees	12,975	15,761
Education contracts	1,385	889
Total	14,360	16,650

4	Other grants and contracts	2022	2021
		£'000	£'000
	Coronavirus Job Retention Scheme Grant	-	92
	Other grants and contracts	1,554	1,372
	Total other grants and contracts	1,554	1,464

5	Other income	2022	2021
		£'000	£'000
	Catering and residences	1,499	429
	Other income generating activities	4,235	3,888
	Exam Fees	82	27
	Miscellaneous income	1,927	680
	Total	7,743	5,024

6	Investment Income	2022	2021
		£'000	£'000
	Other interest receivable	97	17
	Total	97	17

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:

	2022	2021
	No.	No.
Teaching staff	519	522
Non-teaching staff	501	496
	1,020	1,018

8	Staff costs for the above persons at note 7	2022	2021
		£'000	£'000
	Wages and salaries	24,195	23,505
	Social security costs	2,332	2,248
	Other pension costs	7,325	6,624
	Payroll sub total	33,852	32,377
	Contracted out staffing services	397	370
		34,249	32,746
	Fundamental restructuring costs – contractual	51	77
	Total Staff costs	34,300	32,823

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

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

	2022	2021
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	7

Year	Key Management		Other	
	2022	2021	2022	2021
	No	No	No	No
£60,001 to £65,000	-	-	8	7
£65,001 to £70,000	-	-	2	2 (3)
£70,001 to £75,000	-	-	8	6 (7)
£80,001 to £85,000	-	-	1	1
£90,000 to £95,000	-	1	-	-
£95,001 to £100,000	2	1	-	-
£100,001 to £105,000	1	1	-	-
£110,001 to £115,000	2	2	-	-
£115,001 to £120,000	0	1	-	-
£180,001 to £185,000	1	1	-	-
	6	7	19	16(18)

The table above reports the 2021/22 pay bandings based on the different methods required by both OfS and ESFA. ESFA is based on actual basic pay plus benefits in kind while OfS is calculated based on full time equivalent basic pay only. The 2021/22 difference is the addition of two part time roles in the OfS numbers and these are noted in brackets.

Key management personnel remunerations are made up as follows:

	2022	2021
	£'000	£'000
Salaries	690	711
Benefits in Kind	4	5
Pension Exchange	20	19
National Insurance	94	99
Total	808	834
Pension contributions	99	102
Total emoluments	907	936

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

	2022	2021
	£'000	£'000
Salaries	170	168
Pension Exchange	20	19
Benefits in kind	1	2
National Insurance	26	26
	<u>217</u>	<u>215</u>
Pension contributions	-	-
Total emoluments	<u><u>217</u></u>	<u><u>215</u></u>

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:

	2022	2021
	£'000	£'000
Principal and CEO's basic salary as a multiple of the median of all staff	6.7	6.6
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

9 Other Operating Expenses

	2022	2021
	£'000	£'000
Teaching costs	6,017	5,461
Non-teaching costs	4,931	4,997
Premises costs	2,693	1,748
	<u>13,641</u>	<u>12,206</u>

Surplus before taxation is stated after charging:

	2022	2021
	£'000	£'000
Auditors' remuneration:		
Financial statements audit* - KPMG	-	10
Financial statements audit* - Beever & Struthers	39	34
Internal audit**	20	20
Other services provided by the financial statement auditor		
- Teachers' Pension Scheme Audit	1	1
Profit on sale of fixed assets	306	-
Agency Payments – Disbursal of Free Student Meals	211	251
	<u><u>211</u></u>	<u><u>251</u></u>

* Includes £39,500 in respect of the College (2020/21 £45,000)

** includes £19,074 in respect of the College (2020/21 £19,846)

9a Access and Participation spending

	2022 £'000	2021 £'000
Access investment *(excl Access Disability support)	295	300
Financial support to students	332	220
Disability support *(inc Access Disability support)	319	357
Research and evaluation	77	70
Total	<u>1,023</u>	<u>947</u>

These values have been recognised as being spent in the delivery of the 2021/22 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.

	2022 £'000	2021 £'000
10 Interest and other finance costs		
On bank loans, overdrafts and other loans	212	178
On finance leases	3	3
Net interest in defined pension liability (note 24)	637	659
	<u>852</u>	<u>840</u>

	2022 £'000	2021 £'000
11 Taxation		
Current Year UK Corporation Tax at 19%	26	16
Overprovision in respect of Prior Years	-	(1)
Total	<u>26</u>	<u>15</u>

	2022 £'000	2021 £'000
11a Tax Reconciliation		
Profit on ordinary activities before tax:	<u>135</u>	<u>97</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	26	18
Expenses not deductible for tax purposes	-	(3)
Losses carried back	-	-
Difference in tax rates	-	-
Prior year adjustments	<u>-</u>	<u>-</u>
Tax on results on ordinary activities	<u>26</u>	<u>15</u>

12 Tangible fixed assets	Land and buildings		Equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2021	104,464	21	23,866	128,351
Additions and reallocations	1,598	-	3,948	5,545
Disposals	(407)	-	-	(407)
At 31 July 2022	105,654	21	29,180	133,489
Depreciation				
At 1 August 2021	20,345	13	19,137	39,495
Charge for the year	3,118	2	1,702	4,822
Elimination in respect of disposals	(2)	-	-	(2)
At 31 July 2022	23,461	15	20,839	44,315
Net book value at 31 July 2022	82,193	6	6,975	89,174
Net book value at 31 July 2021	84,119	8	4,729	88,856

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

13 Non-current investments	2022	2021
	£'000	£'000
Other non-current asset investments – endowment funds	50	50
Total	50	50

B&FC owns 7% par value of shares of the issued share capital of Lancashire Colleges Consortium 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 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.

14 Trade debtors and other receivables	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	1,014	703
Prepayments and accrued income	1,951	1,461
Amounts owed by the ESFA	-	-
Total	2,965	2,163

15 Creditors: amount falling due within one year	2022	2021
	£'000	£'000
Bank loans and overdrafts	300	1,050
Payments Received on account	(6)	57
Trade Creditors	1,001	917
Other taxation and social security	1,087	808
Accruals and deferred income	5,158	5,645
Deferred income - government capital grants	1,651	590
Amounts owed to the ESFA	640	1,244
Total	9,831	10,311

16 Creditors: amounts falling due after one year	2022	2021
	£'000	£'000
Bank loans	4,500	4,800
Deferred income - government capital grants	23,817	22,414
Amounts owed to the ESFA	182	212
Total	28,499	27,426

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(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2022	2021
	£000's	£000's
In one year or less	300	1,050
Between one and two years	300	300
Between two and five years	900	900
In five years or more	3,300	3,600
Total	4,800	5,850

B&FC borrowings were comprised of 2 unsecured fixed rate bank loans:

- £6m Santander loan fixed in 2012 and repaid in May 2022
- £8m Santander revolving facility final fix agreed July 2019:
 - £4m fixed June 2018 at 3.96% repayable by July 2031
 - £1.9m fixed July 2019 at 3.96% also repayable by July 2031

18 Provisions	Defined Benefit LGPS	Defined Benefit EPP	Total
	£'000	£'000	£'000
At 1 August 2021	39,493	1,248	40,741
Expenditure in the period	(37,236)	(192)	(37,428)
At 31 July 2022	2,257	1,056	3,313

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:

	2022	2021
Price inflation	2.9%	2.6%
Discount rate	3.3%	1.6%

19 Cash and cash equivalents	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Cash and cash equivalents	18,686	1,435	20,121
Total	18,686	1,435	20,121

20 Capital and other commitments	2022 £'000	2021 £'000
Commitments contracted for at 31 July	794	695

21 Lease obligations

At 31 July B&FC had no operating leases.

22 Contingencies

B&FC holds no contingent liabilities

23 Events after the reporting period

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector into the central government sector. The transfer to the central government sector will mean that colleges will be subject to the public financial management framework as set out in 'Managing Public Money' published by HM Treasury. The details of implications are being assessed. B&FC's existing commercial loan remains unaffected.

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 2019. The result of the latest TPS valuation resulted in the decision that employer contributions would rise from 16.48% to 23.6% from September 2019. The Department of Education has funded the extra TPS contributions in 2021/22 and will do so again in 2022/23.

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

Total pension cost for the year	2022	2021
	£000	£000
Teachers' Pension Scheme: contributions paid	2,287	2,174
Local Government Pension Scheme:		
Contributions paid	1,844	1,787
FRS 102 (28) charge	3,184	2,729
Charge to the Statement of Comprehensive Income	5,028	4,516
Enhanced pension charge to Statement of Comprehensive Income	72	72
Total Pension Cost for Year within staff costs	7,387	6,762

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 are able to opt out of the TPS.

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. 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 pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 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 £2.3m (2020/21: £2.2m)

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 2022 were £2.6m, of which employer's contributions totalled £1.8m and employees' contributions totalled £0.8m. The agreed contribution rates for the 2022/23 is 16.2% for employers and range 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 at 31 March 2019 updated to 31 July 2022 by Mercers.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	4.2%	4.1%
Future pensions increases	2.8%	2.7%
Discount rate	3.5%	1.6%
Inflation assumption (CPI)	2.7%	2.6%

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 2022	At 31 July 2021
	Years	Years
<i>Retiring today</i>		
Males	22.3	22.4
Females	25.0	25.1
<i>Retiring in 20 years</i>		
Males	23.7	23.9
Females	26.8	26.9

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 2022 £'000	Fair Value at 31 July 2021 £'000
Equities	47,682	46,328
Bonds	4,445	4,862
Property	11,011	9,174
Cash/Liquidity	1,616	1,926
Other	36,266	29,448
Total fair value of plan assets	101,020	91,738
Actual return on plan assets	<u>(8,505)</u>	<u>11,215</u>

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

	2022 £'000	2021 £'000
Fair value of plan assets	101,020	91,738
Present value of plan liabilities	(103,086)	(130,992)
Present value of unfunded liabilities	(191)	(239)
Net pensions liability (Note 19)	<u>(2,257)</u>	<u>(39,493)</u>

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	5,065	4,545
Employer Contributions	(1,881)	(1,816)
Administration Expenses	81	86
Total	<u>3,265</u>	<u>2,815</u>

Amounts included in investment cost

Net interest cost	(617)	(643)
	(617)	(643)

Amount recognised in Other Comprehensive Income

Return on pension plan assets	7,029	9,930
Changes in assumptions underlying the present value of plan liabilities	34,089	(4,850)
Amount recognised in Other Comprehensive Income	41,118	5,080

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

	2022	2021
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(39,493)	(41,115)
Movement in year:		
Current service cost	(5,065)	(4,545)
Employer contributions	1,881	1,816
Administration expenses	(81)	(86)
Net interest on the defined (liability)/asset	(617)	(643)
Actuarial gain or (loss) / re measurement	41,118	5,080
Net defined benefit (liability)/asset at 31 July	(2,257)	(39,493)

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	131,231	121,167
Current service cost	5,065	4,545
Interest cost	2,092	1,928
Contributions by Scheme participants	727	707
Changes in financial assumptions	(34,089)	4,850
Benefits/transfers paid	(1,762)	(1,986)
Past Service cost	-	-
Curtailement and Settlements	13	20
Defined benefit obligations at end of period	103,277	131,231

Changes in fair value of plan assets

	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	91,738	80,052
Interest on plan assets	1,475	1,285
Return on plan assets	7,029	9,930
Administration expenses	(68)	(66)
Employer contributions	1,881	1,816
Contributions by Scheme participants	727	707
Estimated benefits paid	(1,762)	(1,986)
Fair value of plan assets at end of period	101,020	91,738

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

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 (2020/21: £0). There was no balance outstanding at year end. (2020/21: £0). Purchase transactions totalling £70,830 (2020/21: £0) took place. There was £3,042 outstanding at the year end (2020/21: £0).

BAE Systems C Holt – Employee, S Fogg - Shareholder

During the year B&FC received £1,667,439 (2020/21: £1,077,236). There was £486,037 outstanding at year end. (2020/21: £2,700). No purchase transactions occurred (2020/21: £0). There was no outstanding balance at the year end (2020/21: £0).

Blackpool Borough Council A Cavill, J Mills and J Lockley - Employees

During the year B&FC received £632,113 (2020/21: £500,371). There was no balance outstanding at year end (2020/21: £0). Purchase transactions totalling £118,408 (2020/21: £28,782) took place. There was £12,320 outstanding at the year end (2020/21: £1,500).

Blackpool Teaching Hospital NHS FT – S Fogg Chair

During the year B&FC received £1,969 (2020/21: £0). There was no balance outstanding at year end (2020/21: £0). Purchase transactions totalling £15,500 (2020/21: £0) took place. There was £0 outstanding at the year end (2020/21: £0).

Blackpool Transport Ltd J Cole - Employee

During the year B&FC received £1,971 (2020/2021: £582). There was no balance outstanding at year end. (2020/21: £0). Purchase transactions totalling £421,322 (2020/21: £286,360) took place. There was £45,361 outstanding at the year end (2020/21: £33,606).

Collab Group Association of Colleges – B Robinson OBE Board Member

During the year B&FC received £249 (2020/21: £0). There was no balance outstanding at year end. (2020/21: £0). No purchase transactions occurred (2020/21: £0). There was no outstanding balance at the year end (2020/21: £0).

Danbro Trading Group Limited H Broughton MBE – Director/Employee

During the year B&FC received no payments (2020/21: £0). There was no balance outstanding at year end. (2020/21: £0). Purchase transactions totalling £500 (2020/21: £0) took place. There was £0 outstanding at the year end (2020/21: £0).

Institute for Apprenticeships and Technical Education B Robinson - Board Member

During the year B&FC received no payments (2020/21: £1,497). There was no balance outstanding at year end (2020/21: £0). No purchase transactions occurred (2020/21: £0). There was no outstanding balance at the year end (2020/21: £0).

Lancaster University W, Robinson, H Knight – Employees

During the year B&FC received £0 (2020/21: £0). There was no balance outstanding at year end (2020/21: £0). Purchase transactions totalling £1,178,526 took place (2020/21: £1,311,674). There was no outstanding balance at the year end (2020/21: £0).

NW Chamber of Commerce J Cole - President

During the year B&FC received £0 (2020/21: £0). There was no balance outstanding at year end (2020/21: £0). Purchase transactions totalling £6,442 took place (2020/21: £3,000). There was no outstanding balance at the year end (2020/21: £348).

The Lancashire Colleges Limited B Robinson OBE - Director

During the year B&FC received £68,572 (2020/21: £0). There was no balance outstanding at year end (2020/21: £0). No purchase transactions occurred (2020/21: £0). There was no outstanding balance at the year end (2020/21: £0).

There were no expenses paid to or on behalf of the Board members during the year (2020/21: 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 (2020/21: None).

26 Amounts disbursed as agent	2022	2021
Learner support funds	£'000	£'000
Funding body grants – bursary support	542	811
Disbursed to students	(721)	(703)
Administration costs	(45)	(40)
Balance unspent as at 31 July, included in creditors	<u>(224)</u>	<u>68</u>

Funding body grants are available solely for students. In the majority of instances, 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.