

Blackpool and The Fylde College
Report and Financial Statements for the year ended 31 July 2024

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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 2023/24:

		From	To
Linda Dean	Executive Director B&FC for Business	1/8/23	31/7/24
Cheryl Dunn	Vice Principal HE and Student Enhancement	1/8/23	3/3/24
Simon Hughes	Vice Principal Quality and Curriculum	1/8/23	31/7/24
Alistair Mulvey	Vice Principal Finance and Planning	1/8/23	31/7/24
Daryl Platt	Vice Principal Engagement	1/8/23	1/12/23
Alun Francis OBE	CEO and Principal; Accounting Officer	3/8/23	31/7/24
Rachel Crane	Vice Principal Strategy	22/7/24	31/7/24
Peter Greenall	Vice Principal HE & Student Enhancement	4/3/24	31/7/24

Board of Governors

PDH Advisory Ltd acted as Clerk to the Board from 1st August 2023 to 31st July 2024. A full list of Board Members is given on page 21 of these financial statements.

Professional advisers

Financial statements auditor and reporting accountant:

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

Internal auditor:

Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers:

Santander UK plc
298 Deansgate
Manchester
M3 4HH

Solicitors:

Eversheds LLP
70 Great Bridgwater Street
Manchester
M1 5ES

Principal and Registered Office:

Bispham Campus
Ashfield Road
Blackpool
FY2 0HB

Strategic Report

Objectives and Strategy:

The Board of Governors present their annual report together with the financial statements and auditor's reports for the year ended 31 July 2024.

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.

Our Purpose and Mission

We have a clearly defined purpose and mission, which is built around three elements:

- People - To have maximum impact on the life chances of everyone who studies with us.
- Employers - To supply our employer partners with the skilled workforce they need to maintain and grow their businesses.
- Place - To impact locally, regionally and nationally on the wealth and strength of the places and communities which we serve.

Implementation of Strategic Plan

Since the Strategic Plan has been updated for the period 2024 to 2030, further work has been undertaken to review the overall strategic planning framework to support the successful implementation of our strategic objectives. This has involved a comprehensive review of all strategies at B&FC and their associated plans, ensuring a clear focus and clarity regarding our direction of travel. These efforts are essential as we navigate an operating environment characterised by significant uncertainty, including evolving policies, regulations, and external factors. Four Sub-Strategies are in development including our Educational Sub-Strategy, focusing on maintaining and enhancing the quality of teaching and learning across all of our provision, and the Organisational Development Sub-Strategy focusing on maintaining our financial sustainability, our property and infrastructure strategies for the benefit of our students, employer partners and the regional and national economy. Strategic Enabling plans, outlining how we will achieve our objectives are also in development and the regular monitoring and oversight of delivery will take place in line with our existing meeting, governance, and oversight frameworks.

The Strategic Plan emphasises our ambition to deliver and demonstrate impact across our local communities and economy, influencing and impacting national prosperity, positively influencing, and positively changing the lives of our learners, and our wider stakeholders. To achieve this, we have identified six strategic objectives that will guide our direction, helping us achieve our vision and live by our mission and purpose.

Strategic Objectives

1. Growth and Sustainability

- a. To maximise opportunities for technical and professional education and training, seeking to grow and promote provision in line with demand, whilst ensuring we develop and maintain a stable, financially robust and well-run organisation.

2. Exceptional Occupational Curriculum

- a. To design and deliver an occupational curriculum, based on pathways with a clear line of sight to work.

3. Outstanding Employers, Partnerships, People and Facilities

Invest in specialist technical expertise: partnerships, people, and facilities.

4. Achieve Excellence and Impact, driving social mobility and delivering an exceptional learner experience

To have a genuine impact on the people and businesses who we work with locally, regionally, and nationally, providing a genuine preparation for work, ensuring all students have equal opportunity to improve.

5. Reputation for Excellence

Build a strong reputation for outstanding technical education and training.

6. System Leadership and Collaboration

Build a strong reputation for outstanding technical education and training.

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

Financial objectives

The level of challenge and uncertainty through 2023/24 within the FE sector, the national economy and the global economy has been unprecedented. Within the context of the current economic and social instability B&FC aims to retain robust financial position and generate surpluses to always invest in learning whilst ensuring it receives value for money to support the quality of student and apprentice experience. To achieve this, it has the following financial objectives:

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

As part of the annual planning process B&FC was required by the Education and Skills Funding Agency (ESFA) to complete a 2-year College Financial Forecast return in July 2024. ESFA has confirmed an ongoing Outstanding financial health status based on this return.

Resources:

Financial

B&FC had £77.4m of net assets in 2023/24 an increase from £74.4m in 2022/23 due to an annual review of actuarial assumptions relating to the Local Government Pension Scheme. Tangible resources include fixed assets including B&FC's 5 main sites across Fylde and Wyre which increased to £92.4m. The Ansdell site is closed pending completion of sale negotiations with disposal expected in 2024/25. B&FC continued to increase its net cashflow from operating activities with cash and cash equivalents of £15.5m (£25.5m including short term investments) at the end of the year and reduced borrowings to 7% (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 995 2023/24, of whom 527 were teaching staff (22/23 523 teaching staff, 451 non-teaching staff).

Reputation

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

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

Specific examples include:

- B&FC is the lead partner of the Lancashire and Cumbria Institute of Technology (L&C IoT) which received a 5-year licence in Dec 2022. L&C IoT partners include 3 core employers with an additional 55 associated employers, 9 delivery partners and 3 research partners. IoTs are the Department for Education's prestigious, employer led, flag ship programme in the technical and professional skills space with now 21 in the UK.
- In 2023, B&FC was awarded Teaching Excellence Framework (TEF) Gold by the Office for Students. This award indicates that B&FC delivers consistently outstanding teaching, learning and outcomes for its students on its Higher Education programmes.
- According to the most recent Graduate Outcomes HE survey data, 85% of B&FC students progressed into work or further study, over 80% for the past four years. According to the survey, 40% of B&FC graduates in highly skilled employment earn £33k or more, compared with 30% in the sector.

- T level students have performed well this year at B&FC with an overall 90% pass rate. This is above the national rate of 88.7%, with 59% of the students achieving a Merit or above (equivalent of 3 B grades and above at A Level)
- According to the most recent NSS survey, B&FC's higher education students and apprentices highly rated their teaching experience, particularly how well teaching staff supported their learning. Of the 27 questions, related to learning, B&FC students and apprentices scored in line with or above the NSS England average on 10 questions.
- B&FC is accredited as a WorldSkills Centre of Excellence for learning, teaching and assessment.
- B&FC is among an elite number of providers with Engineering degrees accredited by the Institute of Engineering and Technology (IET).
- B&FC is accredited by BCS, The Chartered Institute for IT in recognition of the quality of B&FCs computing education.
- B&FC is accredited by APM, the Association for Project Management Association for Project Management. This is the only chartered membership organisation for the project profession in the world that recognises universities and higher education institutions that engage with the project management profession and deliver programmes aligned to the APM Competence Framework.

Stakeholders

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

These include:

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

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

B&FC considers good communication with students, apprentices and employees to be fundamental to its success. There is one student representative 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 hold regular employee forums and send 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 are trustees of the charity, are disclosed on page 21. 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.

In delivering its mission, the college provides identifiable public benefits through the advancement of education. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses.

The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, B&FC provides the following identifiable public benefits through the investment in and delivery of education:

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

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

DEVELOPMENT AND PERFORMANCE

Financial results

B&FC generated a surplus before other gains and losses in the year of £4.4m, (2022/23 – surplus of £0.1m). This includes £1.5m of FRS102 related pension income (£1.3m cost in 2022/23). The Total Comprehensive Income was £2.9m, (2022/23 - £3.8m) which includes £1.5m of negative actuarial revaluation in respect of B&FC's defined benefit LGPS pension scheme.

B&FC has accumulated reserves of £77.4m (2022/23 £74.4m) 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 £25.5m (2022/23 £22.8m) and reflect a reduction in borrowing to £4.2m (2022/23 £4.5m).

B&FC has some reliance on the education sector funding bodies as a principal funding source, mainly from recurrent grants via the ESFA. This proportion increased to 62.5% in 2023/24 from 57.9% in 2022/23 but remains well below the 81% 2021/22 sector average as B&FC continues to seek opportunities to grow its diversified income streams.

Cash flows and liquidity

At £5.2m, (2022/23 £5.8m) 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 £89k was clearly exceeded comfortably by the operating cashflow of £5.2m.

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

- A 2018 £4.0m repayable by June 2031, with an outstanding balance of £2.8m at July 2024 (fixed rate 2.46%, EIB margin 1.5%.)
- A 2019 £1.9m repayable by June 2031, with an outstanding balance of £1.4m at July 2024 (fixed rate 2.54%, EIB margin 1.5%.)

Therefore, total borrowings were £4.2m at the end of 2023/24.

Developments

Tangible fixed asset (capital) additions, during the year amounted to £9.5m. This was split between land and buildings development of £0.8m and equipment purchased of £8.7m, £2.2m of which was fully funded by the college and £7.3m Grant funded.

Reserves

B&FC has accumulated reserves of £77.4m and cash including short term investment balances of £25.5m. Surpluses, generating positive cash balances, are being accrued to support the strategic redevelopment and investment in education

aligned to the Multiversity development to bring sustainable educational benefit to the student, apprentice, employer and stakeholder population we serve.

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

Sources of Income

In 2023/24, Government funding bodies provided 62.5% of B&FC's total income versus the 2021/22 General Further Education and Technical College average of 81%.

Student numbers

In 2023/24, B&FC delivered activity that produced £37.3m in public funding body main allocation funding. Approximately 13,000 students chose to study at B&FC of whom 8,033 were either part or wholly publicly funded.

FUTURE PROSPECTS

The College has refreshed its strategic plan to run through until 2030, within the context of continued geopolitical unrest, a new government being elected in 2024 and sector wide and regional governance structure changes being implemented and continuing to evolve. The overall strategic plan continues to place students and apprentices at the centre of everything the College aims to achieve with a sharp focus on improvement, progression, social mobility and strengthened employability skills through exceptionally well delivered, purposeful, professional, and technical education and training. Key to the achievement of the College strategy is the pedagogical approach of the College which has been heavily invested in to ensure our students benefit from the best and consistently applied teaching and learning practices.

From a funding perspective there have been changes to the payment rates for 16–19-year-olds, a restructuring of Adult Education Budgets to Adult Skills Funding and delays in the introduction of the Lifelong Learning Entitlement which the College will account for within its medium-term planning, alongside to continued development of the devolution agenda within Lancashire.

The recent increases in inflation seen are now seemingly reducing to the levels previously experienced although interest rates remain higher than those experienced in the recent past. The College has borne the costs of inflation, including wage and pension inflation and continues to post a positive financial position. The College has a relatively low level of borrowing which is at fixed rates and therefore has been sheltered from the direct implications of interest rate increases.

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

Future Developments

B&FC has had a comprehensive property strategy since 2010, reviewed and approved at Board level. A full review of the Property Strategy and the development of a more comprehensive Estates Masterplan is being developed through 2024/25 to ensure that the estate continues to be utilised and developed to meet the needs of students and apprentices in the coming decades. The Estates Master plan will recognise the need to focus on those aspects of education and training which are required to drive the economy, deliver a skilled workforce for industry and secure employment and vibrant career opportunities for B&FCs apprentices and students. Whilst the initial Estates Master plan will be developed in 2024/25 it will be an evolving and iterative process considering changing needs, circumstances and partnerships which may afford different opportunities for estate development.

Feature of the current Property Strategy which will be reviewed for inclusion in the Estates Master Plan include:

- The development, in partnership with Blackpool Council, of the Multiversity for the re-provision of HE, with a planned opening date in 2027.
- Continued investment in technologies and the “internet of things”.
- Consolidation and maintenance of the premises to ensure they are raised to, and stay in, the A and B categories for condition.
- Preparations for move of FE provision from the University Campus to the Bispham campus.
- Expansion of capacity within Construction to meet growing demand for construction tasks.
- A continued drive for a sustainable and cost-effective estate.
- Sustainability, decarbonisation, biodiversification and the Green agenda which includes seeking to invest in renewable technology replacing space heating gas boilers with air source heat pumps and refreshing the relatively dated solar PV provision across all college sites.

The significant projects delivered in 2023/24 were:

- Continued progress for the sale of the Ansdell site with progression to exchange of contracts with anticipated completion in 2024/25.
- Investment, aligned to Office for Student funding, in HE equipment within computing and engineering to ensure B&FC continues to support its provision by providing students and apprentices access to state of the art technologies.
- Significant investment aligned to the Lancashire Institute of Technology in cyber security, software analytics, chemical engineering and low carbon technologies curriculum development and delivery.
- The procurement and implementation of a new HR/Payroll system.
- Continued investment in planting of trees and shrubs as part of the biodiversification of the college campuses.

Financial Plan

The B&FC Board approved a financial plan in July 2024 which sets objectives for the period to July 2026. B&FC aims to maintain its health rating of 'Outstanding' and achieve a moderate surplus in 2024/25.

Treasury policies and objectives

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

B&FC's Treasury Management Policy is contained within the Financial Policies and Procedures. In 23/24 as interest rates have increased B&FC has actively managed its cash position with short term investments being actively pursued to maximise available returns and manage the risk of inflationary pressures across the goods and services the college procures. No additional borrowing has been sought during the period and any borrowing which may be sought would require the approval of the Board.

Reserves

B&FC chooses not to have a formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its core activities and future plans. B&FC's reserves include £52k held as restricted reserves. As at the balance sheet date, the Income and Expenditure Reserve stands at £77.3m (2022/23: £74.4m). It is the Board's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses although this is affected by changes in externally applied pension valuations out of its control.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

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

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

A risk register is maintained at college level and reviewed throughout the year by the Audit Committee, the Board and the Strategic Management Team. The risk register identifies the strategic risks, the likelihood of those risks occurring, their potential

impact on B&FC and the actions being taken to reduce and mitigate the risks. Risks are prioritised using an established, transparent, and consistent scoring system.

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

1. Public funding

B&FC has seen growth in its publicly funded activities, relative to its commercial activities and as such, whilst income diversification continues, has seen a shift towards a marginally greater reliance on publicly funded provision. In 2023/24, Government funding bodies provided 62.5%, a movement from 57.9% of B&FC's total income in 22/23. As noted, B&FC continues to actively seek opportunities to diversify income streams so that, from a risk and growth management strategy, the College is not solely reliant or exposed to risk within a single source of funding. Given the recent change in government 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 and as such the College actively engages at all levels to understand future funding movements and policy implications.

2. Maintaining and growing levels of commercial funding

Whilst many of the initial implications of the Covid-19 pandemic are seeming to abate to a degree they do, when coupled with war in Europe and the middle east, and the cost-of-living crisis continue to impact many of the commercial partners of B&FC. As inflation rates settle and interest rates are forecast to reduce in the coming months and years it is anticipated that commercial partners may well review, favourably, investments in training and education of their workforce which may provide opportunities for the College. Additionally, changes to the shape of the UK workforce continues with growing numbers of "economically inactive" individuals meaning that vacancies in some sectors continue to exist, training, up-skilling and supporting commercial partners to resolve their recruitment gaps may provide the College with opportunities to strengthen its commercial position.

Whilst there may be commercial income growth opportunities for the College the position does remain fragile, and the College will continue to manage the commercial position carefully.

3. Maintain adequate funding of pension liabilities

The LGPS triannual revaluation was completed in March 2022. Based on this Employer Contributions will increase again to 20.6% from April 2025.

The financial statements report the share of the Local Government Pension Scheme surplus on B&FC's balance sheet in line with the requirements of FRS 102. Fixed deficit cash contributions will continue to vary in future and this level of uncertainty presents a risk to medium- and longer-term financial planning and management of

the B&FC position. The Teachers' Pension Scheme remains under-funded, and contributions will increase in future, and these will largely materialise as an increased employer contribution.

4. Cybersecurity

The education sector is increasingly vulnerable to cyber risks due to its reliance on digital technologies and the sensitive data it handles. The sector currently ranks third behind healthcare and manufacturing in terms of cyber incidents and claims. Common threats include ransomware, malicious data breaches, and accidental data breaches, all of which have the potential to cause significant disruption, loss in income, and negative impact to B&FC's reputation.

To mitigate these risks, B&FC has invested in/achieved the following:

- Reaccreditation of Cyber Essentials and Cyber Essentials Plus to assure external partners of our cyber posture.
- Introduction of a Security Information Event Monitoring solution to increase visibility of cyber incidents.
- Increased the frequency of phishing simulations.
- Revamped cyber awareness training.
- Restricted access to organisational data on non-B&FC devices.

These measures all play a part in mitigating the cyber risks, and cyber continues to be an ever-present item on risk registers and improvement plans.

The College is considering its approach to artificial intelligence (AI) across 3 different core strands, these being:

- From an academic integrity perspective – the College has already moved on this and introduced a series of policies and procedures to ensure academic integrity is maintained.
- From the perspective of operating our organisation – AI opportunities are being explored across a range of curriculum and service areas to consider how best to apply AI opportunities to improve the efficient and effective running of our organisation.
- From the perspective of inclusion of AI within curriculum courses to meet employer demand – the established curriculum planning process incorporates the consideration of AI within the development of the curriculum to meet these needs.

Quantification and reporting methodology

B&FC has followed the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard, the 2023 UK Government's Conversion Factors for reporting 2023/24 and the 2022 Conversion Factors for 2023/24.

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

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 August 2023 to 31 July 2024	2023/24	2022/23	Movement
Energy consumption to calculate emissions (kWh) (gas, electricity, fuel)	8,217,686	9,030,231	-9%
Scope 1. Emissions in metric tonnes Co2e. (direct emissions from owned sources or control directly)	913	1,004	-9%
Scope 2. Emissions in metric tonnes Co2e. (indirect energy purchase)	671	742	-9.50%
Scope 3. Emissions in metric tonnes Co2e. (indirect e.g. business travel in employee-owned vehicles)	9	9	0%
Total gross emissions in metric tonnes CO2e	1,593	1,755	-9%
Intensity ratio Tonnes CO2e per student	0.12	0.14	-14%

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

- Continue to replace B&FC fleet vehicles with electric vehicles when due.
- Continue to promote energy saving measures across B&FC campuses.
- Renegotiated the energy supplier/tariffs to secure a competitive rate going forward.
- Consolidated B&FC vehicle visits/deliveries between sites.
- Installation/upgrade solar PV across B&FC to mitigate electricity consumption via the national grid and an air source heat pump at Fleetwood pool.
- Promote the continued use of Teams across B&FC to reduce travel between sites.
- Continue to promote the car share scheme with reserved parking spaces for car share vehicles.
- Implementation of an additional 15+ EV charging points across the B&FC Estate.
- Carefully manage overall heating temperature and reduce by 1 – 2 degrees where appropriate (communal spaces, workshop areas etc).

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 2023/2024
EBITDA as % of income (education specific)	9.5%	9.6%
Pay as a percentage of Income	62.8%	57.8%
Staff survey engagement %	80%	81.1%
ESFA Financial Health	Outstanding	Outstanding

Student Achievements

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

The B&FC pass rate for students achieving an overall T Level grade is 89.5%, compared to the overall England rate of 88.7%. The proportion of students who achieved a high grade is 58.8%.

The GCSE high grade pass rates across mathematics and English were 25% and 29% respectively, which is well above the national sector average of 15% and 18%.

2023/24 saw several notable student achievements and successes, with B&FC also continuing its proactive approach to curriculum development to ensure its provision continues to meet the needs of the community and contributes to the economic growth of the nation by providing industry with the skilled workforce it needs. New provision is developed, and existing provision is further enhanced in line with labour market intelligence, Lancashire LSIP priorities, the Industrial Strategy and employer and industry needs.

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

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

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary requires organisations to make payments within 30 days. During the accounting period 1 August 2023 to 31 July 2024, B&FC paid 99.0% of its compliant payments within 30 days (98.8% in 2022/23). B&FC incurred no interest charges in respect of late payment for this period.

Gender pay gap reporting

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

	Year ending 31 March 2024
Mean gender pay gap	8%
Median gender pay gap	1%
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	46.2%	53.8%
2	59.4%	40.6%
3	34.7%	65.3%
4 – Upper quartile	31.7%	68.3%

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 2023 to 31 March 2024.

Table 1 - Relevant trade union officials

Number of employees who were trade union officials during the relevant period	Full time equivalent employee number
4	2.5

Table 2 - Percentage of time spent on facility time

Percentage of time spent on facility time	Number of employees
0-50%	4

Table 3 - Percentage of pay bill spent on facility time

Total cost of facility time	£2,492
Total pay bill	£31,298,507
% of pay bill spent on facility time	0.01%

Table 4 - Paid trade union activities

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

The B&FC Equality, Diversity and Inclusion (EDI) strategic vision is consolidated within the EDI Strategy for 2023-2026. The strategy includes an overarching ethos statement for the whole organisation, colleagues, students, apprentices and visitors. B&FC is committed in the advancement of equality, diversity and inclusion. B&FC celebrates the diversity of all our students, apprentices, colleagues, and any visitors accessing B&FCs services and have embraced the principles of Fairness, Respect, Equality, Diversity, Inclusion and Engagement (FREDIE).

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

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

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

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

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

Employees with disabilities

The college seeks to achieve the objectives set down in the Equalities Act 2010:

- As part of its accommodation strategy the college updated its access audit. Experts in this field conducted a full access audit in 2019, and the results of this formed the basis of funding capital projects aimed at improving access.
- The college has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- There is a list of specialist equipment, such as radio aids, which the college can make available for use by students and a range of assistive technology is available in the learning centre.

- The admissions policy for all students is described in the college charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The college has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard college format.
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Applications for employment by persons with disabilities are always fully considered, bearing in mind the abilities of the applicant concerned and role being applied for. In the event of members of staff becoming disabled every effort is made to ensure that their employment with B&FC continues and that appropriate training is arranged. It is the policy of B&FC that the training, career development and promotion of a person with a disability should, as far as possible, be identical to that of B&FCs other employees.

GOING CONCERN

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

EVENTS AFTER THE REPORTING PERIOD

No significant events to note.

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 10th December 2024 and signed on its behalf by:



S Fogg
Chair of the Board

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of B&FC to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

B&FC endeavours to conduct its business:

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

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

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

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

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

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

The Corporation Board

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 2023/24.

Name	Category of membership	Date first appointed	Term ends/resigned	Attendance				
				B	A	Q	R	S
Helen Broughton MBE DL	Independent	26/01/2021	25/01/2025	86%	---	100%	100%	100%
Andrea Challis DL	Independent	27/09/2022	26/09/2026	71%	---	---	100%	---
Mark Chapman	Student	28/09/2022	31/08/2024	86%	---	---	---	---
Jane Cole	Independent	11/12/2018	31/07/2024	29%	100%	---	---	0% [†]
Jagjit Walia	Staff	01/09/2023	31/08/2027	100%	---	---	---	---
Steve Fogg	Independent	26/01/2021	25/01/2025	71%	---	---	0% [‡]	100%
Alun Francis OBE	Principal and Chief Executive*	03/08/2023	Ex officio	100%	---	---	---	100%
Chris Holt	Independent	04/02/2020	03/02/2028	71%	67%	---	---	---
Suzy Layton	Independent	26/01/2021	25/01/2025	71%	---	---	---	---
Sandy Lee	Staff	02/11/2021	14/02/2024	100%	---	---	---	---
Antony Lockley OBE	Independent	07/12/2021	06/12/2025	86%	---	50%	---	---
Martin Long	Independent	22/10/2019	21/10/2027	100%	100%	---	0% [†]	---
Adrian Mills	Independent	06/07/2021	05/07/2025	100%	---	50%	---	---
Will Jerram	Staff	23/04/2024	22/04/2025	67%	---	---	---	---
Wendy Robinson	Independent	01/03/2022	28/02/2026	100%	---	100%	---	---

Key to attendance figures:

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

* Alun Francis was the Principal and Chief Executive throughout 2023/24. In September 2024, his job title changed to Chief Executive. The change in job title did not impact his role as Accounting Officer.

[†] It is standard practice at B&FC for all Independent Member and Staff Member appointments to be made for an initial induction year. 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.

[‡] Please note that there was only one meeting of the Remuneration Committee and the Search Committee during 2023/24. Attendance figures should therefore be viewed in this context.

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

The governance framework

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

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

The Board is supported by four committees:

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

With effect from FY2024/25, the Board has constituted an additional Finance Committee. The purpose of the Finance Committee is to obtain assurance on behalf of the Board around the effective and efficient use of the college's resources, and to consider financial matters in more detail than can be undertaken at Board meetings.

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

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

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

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

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

There is a clear division of responsibility in that the roles of Chair of the Corporation 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

During 2022/23, an external governance review was undertaken at B&FC in line with the requirement contained within the Funding Agreement. The focus throughout 2023/24 was on completing the actions arising from that review, and all actions were completed during the year. In addition, the Board undertook an annual self-assessment by way of an online survey in February 2024. This self-assessment concluded that the Board has a clear understanding of its responsibilities, including metrics relating to both quality and finance, and that materials provided in support of meetings communicate information well. In terms of areas for development, the

Board recognised the importance of ensuring that it has further education expertise amongst its membership, and this will be an area of focus for both the Search Committee and the Board during 2024/25.

Board development activities

The 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. This year's annual training session was held in October 2023. The session provided a refresher for Board members in its key areas of responsibility, including quality, funding, finance, risk management, safeguarding, health and safety, data protection and corporate governance.

In May 2024, the Board held a dedicated strategy session of the year, focused on the development of the college's Strategic Plan 2024-30. Board members spent time discussing the direction of travel, ensuring that it was aligned with the wider town prospectus – 2030 Agenda for Action – as the long-term strategic vision for Blackpool which aims to position the town as the UK's 'Silicon Sands' with a thriving digital economy as well as improving the quality of life and increasing opportunities for the local population.

Remuneration Committee

Throughout the reported period, the Remuneration Committee comprised four independent members of the Board, an increase of one compared with previous years. The committee's membership was increased to ensure a range of views are considered during discussions and to ensure good succession planning for members who are coming towards their second term of office and will step down from their Board roles in the medium-term.

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. More detail on remuneration for the year ended 31 July 2024 is set out in notes 7 to 8 to the financial statements.

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

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

Element of pay	How operated	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	The full value of the employer's pension contribution, were they to be a member of the pension scheme, is paid over to the employee less a deduction equal to the value of any additional employer's NI payable	There is a requirement for individuals to apply to the Remuneration Committee and to demonstrate their eligibility as per the policy and procedure.	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 Chief Executive. In doing so, the committee has regard to the content of a letter from the Chief Executive of the Education and Skills Funding Agency received during 2020/21, in which she wrote that 'colleges need to demonstrate to stakeholders that decisions made on executive pay are evidence-based, proportionate and represent value for money.'

In formulating its recommendation, the Committee had regard to the following:

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

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

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

Audit Committee

The Audit Committee comprises four independent members of the Board, together with a co-opted specialist with expertise in finance and audit matters. In line with the Post-16 Audit Code of Practice, the Principal and Chief Executive and the Chair of the Corporation Board 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 Board has delegated day to day responsibility to the Chief Executive as the Accounting Officer. The Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of B&FC's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between B&FC and the funding bodies. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control. The Board has delegated day to day responsibility to the Principal as Accounting Officer – please see events after the reporting period.

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 2024 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 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board.
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against budget and forecasts.
- setting targets to measure financial and other performance.

- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate

B&FC chooses to purchase an internal audit service, which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which B&FC is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee. The internal auditors provide the Audit Committee and the Board with a report on internal audit activity in B&FC.

Risks faced by B&FC

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

Control weaknesses identified

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

Responsibilities under accountability agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college Accounting Officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures, and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

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 2023/24 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 Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

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

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

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

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

Based on the advice of the Audit Committee and the Accounting Officer, the 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 10th December 2024 and signed on its behalf by:



S Fogg
Chair of the Corporation Board




A Francis OBE
Accounting Officer

Statement of Regularity, Propriety and Compliance

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

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

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



A Francis OBE

Accounting Officer

10 December 2024

Statement of the Chair of Board

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



S Fogg

Chair of Board

10 December 2024

Statement of responsibilities of the members of the corporation

The members of the corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The basis for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

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

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear Accounting Officer" letter of 29 November 2022 and ESFA's bite size guides.

Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient, and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Board on 10th December 2024 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 Board of Governors of Blackpool and The Fylde College

Opinion

We have audited the financial statements of Blackpool and The Fylde College (the "College") for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2024 and of the College's income and expenditure, gains and losses, and changes in reserves and cash flows, for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency, and the Accounts Direction, for accounting periods beginning on or after 1 August 2019, issued by the Office for Students.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

We are required to report on the following matters by the Office for Students' Accounts Direction. In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2023 to 2024 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

participation activities for the financial year disclosed in Note 9a has been materially misstated.

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

We have nothing to report in these respects.

Responsibilities of the Board of Governors of Blackpool and The Fylde College

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 32-33, the Board of Governors is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Use of our report

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



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

Date: 17 December 2024

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

In accordance with the terms of our engagement letter dated 7 May 2024 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 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Board of Governors;
- 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 a sample of transactions with related parties;
- Confirming through enquiry and sample testing that the Board of Governors has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed: *Beever and Struthers*

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

Date: 17 December 2024

Statement of Comprehensive Income and Expenditure

	Note	Year Ended 2024 £'000	Year Ended 2023 £'000
INCOME			
Funding body grants	2	37,252	31,601
Tuition fees and education contracts	3	11,522	12,769
Other grants and contracts	4	1,770	2,145
Other income	5	7,748	7,359
Investment income	6	1,303	568
Donations and Endowments	6a	1,705	-
Net interest in defined pension liability	6b	1,133	-
Total income		62,432	54,442
EXPENDITURE			
Staff costs	8	34,144	34,287
Fundamental restructuring costs	8	121	17
Other operating expenses	9	17,286	14,180
Depreciation	12	6,339	5,605
Interest and other finance costs	10	92	268
Total expenditure		57,983	54,357
Surplus before other gains and losses		4,449	85
Surplus on disposal of assets	9	(4)	38
Surplus before tax		4,445	123
Taxation	11	(36)	(35)
Surplus for the year		4,409	88
Actuarial (loss) in respect of pensions schemes	24	(1,461)	3,673
Total Comprehensive Surplus for the year		2,948	3,761

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 2022	70,619	52	70,671
Surplus from the income and expenditure account	88	-	88
Other comprehensive income	3,673	-	3,673
Total comprehensive Surplus for the Year	3,761	-	3,761
Balance at 31st July 2023	74,380	52	74,432
Surplus from the income and expenditure account	4,409	-	4,409
Other comprehensive income	(1,461)	-	(1,461)
Total comprehensive Surplus for the Year	2,948	-	2,948
Balance at 31st July 2024	77,328	52	77,380

Balance sheet as at 31 July

	Notes	2024 £'000	2023 £'000
Non-current assets			
Tangible Fixed assets	12	91,497	88,330
Investments	13	929	50
		<u>92,426</u>	<u>88,380</u>
Current assets			
Stocks		4	4
Trade and other receivables	14	4,178	3,507
Investments	15	10,000	10,000
Cash and cash equivalents	20	15,514	12,779
Net interest in defined pension liability			
		<u>29,696</u>	<u>26,290</u>
Less: Creditors – amounts falling due within one year	16	(13,699)	(12,096)
		<u>15,997</u>	<u>14,194</u>
Net current assets		15,997	14,194
Total assets less current liabilities		108,423	102,574
Creditors – amounts falling due after more than one year	17	(28,670)	(26,899)
Provisions			
Defined benefit obligations	19	-	-
Other provisions	19	(2,373)	(1,243)
		<u>77,380</u>	<u>74,432</u>
Total net assets		77,380	74,432
Restricted reserves – endowment fund		52	52
Unrestricted Reserves			
Income and expenditure account		77,327	74,380
		<u>77,380</u>	<u>74,432</u>
Total reserves		77,380	74,432

The financial statements on pages 41 to 65 were approved and authorised for issue by the Board on 10th December 2024 and were signed on its behalf on that date by:



S Fogg
Chair of the Board



A Francis OBE
Accounting Officer

Statement of Cash Flows

	2024	2023
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	4,409	88
Adjustment for non-cash items		
Depreciation	6,339	5,605
Surplus on Disposal of Assets	4	(38)
(Increase) in debtors	(672)	(542)
Increase/(Decrease) in creditors due within one year	923	1,309
(Decrease) in creditors due after one year	-	(182)
Increase/ (Decrease) in provisions	1,153	400
Capital grants release	(4,287)	(1,680)
Pensions costs less contributions payable	(351)	1,124
Adjustment for investing or financing activities		
Investment income	(1,303)	(568)
Interest payable	(1,041)	268
Taxation paid	36	26
	<hr/>	<hr/>
Net cash flow from operating activities	5,209	5,810
	<hr/>	<hr/>
Cash flows from investing activities		
Investment income	1,303	568
Sale Proceeds of Fixed Assets		160
Deferred capital grant received	7,000	1,489
Inheritance received	(879)	-
Short Term Cash Investments	-	(10,000)
Payments made to acquire fixed assets	(9,509)	(4,883)
	<hr/>	<hr/>
	(2,085)	(12,666)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	(89)	(186)
Repayments of amounts borrowed	(300)	(300)
	<hr/>	<hr/>
	(389)	(486)
	<hr/>	<hr/>
Increase/(Decrease) in cash and cash equivalents in the year	2,735	(7,342)
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at beginning of the year	20 12,779	20,121
Cash and cash equivalents at end of the year	20 15,514	12,779

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 2023 to 2024 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). B&FC is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

Basis of accounting

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

Going concern

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

B&FC has prepared cash flow forecasts to July 2026. After reviewing these forecasts, the Board is of the opinion that B&FC will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

B&FC has two loans as follows:

- 2018 - £4m fixed rate loan scheduled to repay in 2031. £2.8m outstanding as of July 2024.
 - 2019 - £1.9m fixed rate loan scheduled to repay in 2031. £1.4m outstanding as of July 2024.
- 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 2024/25 budget and related cashflow have approached the next 12 months as a cautious year of financial performance and have reflected a prudent view of considerable economic and political uncertainty. B&FC has significant flexibility in its budget to withstand changes in both revenue and capital expenditure and has not assumed any vacancy lag and adopted prudent assumptions throughout its projections.

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

Recognition of income

Grants – Government and non-government

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the income

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

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

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

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

Capital Grant Funding

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

Other income

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

Investment income

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Lancashire County Pension Fund (LGPS)

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

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Tangible fixed assets

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

Land and buildings

Freehold and Leasehold buildings plus major refurbishments and adaptations are depreciated over their expected useful economic life to B&FC (minimum of 20 years to a maximum of years). Basic refurbishments will typically be depreciated over a shorter useful economic life (minimum 2 maximum 20 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. Otherwise, appropriate equipment is capitalised at cost.

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

- Specialist equipment- between a minimum of 5 years and a maximum of 60 years.
- IT equipment (from August'18) – between a minimum of 5 and a maximum of 60 years.
- Motor vehicles- depreciated at a consistent rate of 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.

Stocks

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short-term deposits held are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however B&FC has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the

balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

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

B&FC is partially exempt in respect of Value Added Tax, so that in 2023/24 it could only recover 0.5% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when.

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

A contingent liability arises from a past event that gives B&FC a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of B&FC. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Agency arrangements

B&FC acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are included both in the income and expenditure of B&FC except up to 5% of the grant received, which is available to B&FC to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of B&FC's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the

pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Pension Asset

FRS 102 requires that defined benefit plan surpluses are recognised only to the extent that they are recoverable either through reduced contributions in the future or through refunds from the plan. The accounting valuation of the Lancashire County Pension Fund at 31 July 2024 identified an accounting surplus of £24.277m.

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

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

2 Funding body grants	2024	2023
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	6,339	5,660
Education and Skills Funding Agency – 16-18	20,488	17,280
Education and Skills Funding Agency - Apprenticeships	6,672	5,567
Office for Students	1,574	1,415
Specific grants		
ESFA capital grant release	982	732
LEP capital grant release	260	260
OFS capital grant release	937	687
Total	37,252	31,601

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.

	2024	2023
	£'000	£'000
Recurrent Grants		
Grant Income from the Office for Students	1,574	1,415
Releases of Capital Grants: Office for Students	937	687
Fees for HE Loan supported courses	8,854	10,137
Total Recurrent OfS grants	11,365	12,239

3 Tuition fees and education contracts	2024	2023
	£'000	£'000
Adult Education Fees	417	690
Fees for FE Loan supported courses	943	427
Fees for HE Loan supported courses	8,854	10,137
Total tuition fees	10,214	11,254
Education contracts	1,307	1,515
Total	11,521	12,769

4 Other grants and contracts	2024	2023
	£'000	£'000
Other grants and contracts	1,770	2,145
Total other grants and contracts	1,770	2,145

5 Other income	2024	2023
	£'000	£'000
Catering and residences	2,131	2,054
Other income generating activities	4,182	4,046
Exam Fees	119	97
Miscellaneous income	1,317	1,162
Total	7,748	7,359

6 Investment Income	2024	2023
	£'000	£'000
Other interest receivable	1,303	568
Total	1,303	568

6a Donations	2024	2023
	£'000	£'000
Unrestricted donations	1,705	-
Total	1,705	-

6b Net interest in defined pension liability	2024	2023
	£'000	£'000
Net interest from defined pension liability	1,133	-
Total	1,133	-

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:

	2024	2023
	No.	No.
Teaching staff	527	523
Non-teaching staff	468	451
	995	974

8 Staff costs for the above persons at note 7	2024	2023
	£'000	£'000
Wages and salaries	26,541	25,936
Social security costs	2,604	2,535
Other pension costs	4,583	5,524
Payroll sub total	33,728	33,995
Contracted out staffing services	417	292
	34,144	34,287
Fundamental restructuring costs – contractual	121	17
Total Staff costs	34,265	34,304

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
Alun Francis OBE	CEO and Principal; Accounting Officer
Rachel Crane	Vice Principal Strategy
Peter Greenall	Vice Principal HE & Student Enhancement

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	8	6

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

Year	Key Management		Other	
	2024	2023	2024	2023
	No	No	No	No
£60,001 to £65,000	-	-	5	7
£65,001 to £70,000	-	-	6	3
£70,001 to £75,000	-	-	2	2
£75,001 to £80,000	-	-	7	6
£80,001 to £85,000	-	1	1	-
£85,001 to £90,000	-	-	1	-
£90,001 to £95,000	-	1	-	-
£95,001 to £100,000	1	-	-	-
£100,001 to £105,000	1	1	-	-
£110,001 to £115,000	2	1	-	-
£115,001 to £120,000	3	1	-	-
£170,000 to £175,000	-	1	-	-
£185,000 to £190,000	1	-	-	-
	8	6	22	18

Key management personnel remunerations are made up as follows:

	2024	2023
	£'000	£'000
Salaries	648	677
Benefits in Kind	11	8
Pension Exchange	41	27
National Insurance	89	94
Total	789	806
Pension contributions	97	96
Total emoluments	886	902

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

	2024	2023
	£'000	£'000
Salaries	186	174
Pension Exchange	41	27
Benefits in kind	0	1
National Insurance	30	28
	<hr/>	<hr/>
	257	230
Pension contributions	-	
	<hr/>	<hr/>
Total emoluments	257	230
	<hr/> <hr/>	<hr/> <hr/>

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:

	2024	2023
	£'000	£'000
Principal and CEO's basic salary as a multiple of the median of all staff	6.2	6.2
Principal and CEO's total remuneration as a multiple of the median of all staff	5.6	5.6

No compensation was paid to former key management employees.

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

9 Other Operating Expenses	2024	2023
	£'000	£'000
Teaching costs	6,684	6,088
Non-teaching costs	6,028	4,957
Premises costs	4,574	3,135
Total	17,286	14,180
Surplus before taxation is stated after charging:	2024	2023
	£'000	£'000
Auditors' remuneration (excluding VAT):		
Financial statements audit* - Beever and Struthers	50	42
Internal audit**	23	23
Other services provided by the financial statement auditor - Teachers' Pension Scheme Audit	-	-
Depreciation	6,339	5,605
(Profit)/Loss on sale of fixed assets	(4)	38
Agency Payments – Disbursal of Free Student Meals	294	246

* Includes £50,000 in respect of the College (2022/23 £40,850)

** Includes £23,450 in respect of the College (2022/23 £23,450)

9a Access and Participation spending	2024	2023
	£'000	£'000
Access investment *(excl Access Disability support)	341	362
Financial support to students	313	323
Disability support *(inc Access Disability support)	330	341
Research and evaluation	75	70
Total	1,059	1,096

These values have been recognised as being spent in the delivery of the 2023/24 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.

10 Interest and other finance costs	2024	2023
	£'000	£'000
On bank loans, overdrafts, and other loans	89	186
On finance leases	3	3
Net interest in defined pension liability (note 6b)	-	79
	92	268

11 Taxation	2024	2023
	£'000	£'000
Current Year UK Corporation Tax at 25% (19% 22/23)	36	35
Provision for deferred corporation tax	-	-
	<hr/>	<hr/>
Tax on results on ordinary activities	36	35
	<hr/>	<hr/>

The College has charitable status and therefore is only taxed on its non-charitable income.

12 Tangible fixed assets	Land and buildings		Equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2023	104,909	21	33,292	138,222
Additions and reallocations	825	-	8,684	9,509
Disposals		(4)	-	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2024	105,734	17	41,976	147,727
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 August 2023	26,563	15	23,313	49,891
Charge for the year	3,182	2	3,155	6,339
Elimination in respect of disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2024	29,745	17	26,468	56,230
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 July 2024	75,989	-	15,508	91,497
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 July 2023	78,346	5	9,979	88,330
	<hr/>	<hr/>	<hr/>	<hr/>

Additions exclude £2.5m commitments in Note 21.

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 as at FRS 102 transition and subsequent additions and disposals applied.

13 Non-current investments	2024	2023
	£'000	£'000
Other non-current asset investments – endowment funds	929	50
Total	929	50

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

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

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

During the year, B&FC received an inheritance of £1,704,802 from a former employee. Of this amount, £850,000 was received in cash in 2023/24, with the remaining balance recorded under other debtors.

14 Trade debtors and other receivables	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	830	1,343
Other debtors	854	-
Prepayments and accrued income	2,494	2,164
Total	4,178	3,507

15 Current Investments	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Short Term Deposits	10,000	10,000
Total	10,000	10,000

The investment represents monies placed on 12-month deposit with Santander.

16 Creditors: amounts falling due within one year	2024	2023
	£'000	£'000
Bank loans and overdrafts (note 18)	300	300
Payments Received on account	(115)	32
Trade Creditors	1,312	1,052
Other taxation and social security	986	758
Accruals and deferred income	7,184	6,512
Deferred income - government capital grants	3,219	2,578
Amounts owed to the ESFA	813	864
Total	13,699	12,096

17 Creditors: amounts falling due after one year	2024	2023
	£'000	£'000
Bank loans (note 18)	3,900	4,200
Deferred income - government capital grants	24,770	22,699
Total	28,670	26,899

18 Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2024	2023
	£000's	£000's
In one year or less	300	300
Between one and two years	300	300
Between two and five years	900	900
In five years or more	2,700	3,000
	4,200	4,500

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

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

19 Provisions	Defined Benefit LGPS	Defined Benefit EPP	Other Provisions (note 23)	Total
	£'000	£'000	£'000	£'000
At 1 August 2023	-	843	400	1,243
Change in provisions during the period	-	(23)	1,153	1,130
At 31 July 2024	-	820	1,553	2,373

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:

	2024	2023
Price inflation	2.9%	2.8%
Discount rate	4.8%	5.0%

20 Cash and cash equivalents	At 1 August 2023 £'000	Cash flows £'000	At 31 July 2024 £'000
Cash and cash equivalents	12,779	2,735	15,514
Investments	10,000	879	10,879
Total	<u>22,779</u>	<u>3,614</u>	<u>26,393</u>

2023/24 includes two short term, fixed rate deposits totalling £10m.

21 Capital and other commitments	2024 £'000	2023 £'000
Commitments contracted for on 31 July	<u>2,531</u>	<u>1,267</u>

22 Lease obligations

At 31 July 2024 B&FC had no operating leases (2023: none).

23 Contingencies

- a. The £500k in note 19 has been included as a potential liability estimate of the cost of remediation of the Harpur Trust v Brazel ruling pending a final legal resolution.
- b. B&FC is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation. There remains significant uncertainty as to whether the judgments will result in additional liabilities for UK pension schemes, and it is possible that the Department of Work & Pensions will introduce legislation to allow changes to be certified retrospectively. A detailed review of historic documentation will be needed to determine whether the changes made by the scheme were valid (assuming retrospective certification does not become an option), and such a review will take some time to complete. As a result, B&FC cannot be certain of the potential implications (if any) and therefore a sufficiently reliable estimate of any effect on the obligation cannot be made.

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 2020 and of the LGPS 31 March 2022. The result of the TPS valuation was that employer contributions would rise from 16.48% to 28.68% from September 2019. The Department of Education has funded the extra TPS contributions since 2022/23 and will continue to do so again in 2024/25.

The LGPS has a gross accounting surplus at the reporting date of £24.277m. In line with FRS 102 requirements B&FC has recognised an asset on the balance sheet to the extent that it is able to recover the surplus, either through reduced contributions in the future, or through refunds from the plan.

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

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

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

Total pension cost for the year	2024	2023
	£000	£000
Teachers' Pension Scheme: contributions paid	2,735	2,394
Local Government Pension Scheme:		
Contributions paid	2,232	2,020
FRS 102 (28) charge	(331)	1,111
Charge to the Statement of Comprehensive Income	1,901	3,131
Total Pension Cost for Year within staff costs	4,636	5,525

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments, including academies, in England and Wales that are maintained by local authorities. Membership is automatic for teachers and lecturers. Teachers and lecturers can opt out of the TPS.

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. B&FC is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, B&FC has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. B&FC has set out above the information available on the plan and the implications for B&FC in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department in October 2023). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion.

As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2018/19).

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 £2.7m (2022/23: £2.3m)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Pension Fund. The total contributions made for the year ended 31 July 2024 were £3.0m, of which employer's contributions totalled £2.2m and employees' contributions totalled £0.8m. The agreed contribution rates for the year to 31st March 2024 is 17.9% rising to 19.3% from April 2024 and again from April 2025 to 20.6% for employers and ranges from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund on 31 March 2023 updated to 31 July 2024 by Mercers.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	4.1%	4.2%
Future pensions increase	2.7%	2.8%
Discount rate	4.9%	5.1%
Inflation assumption (CPI)	2.6%	2.7%

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

	At 31 July 2024	At 31 July 2023
	Years	Years
<i>Retiring today</i>		
Males	21.0	21.0
Females	23.5	23.4
<i>Retiring in 20 years</i>		
Males	22.2	22.2
Females	25.3	25.2

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 2024 £'000	Fair Value at 31 July 2023 £'000
Equities	52,160	49,453
Bonds	218	409
Property	9,294	9,707
Cash/Liquidity	1,531	613
Other	46,144	41,994
Total fair value of plan assets	109,347	102,176
Actual return on plan assets	<u>6,921</u>	<u>2,228</u>

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

	2024 £'000	2023 £'000
Fair value of plan assets	109,347	102,176
Present value of plan liabilities	(84,962)	(80,145)
Present value of unfunded liabilities	(108)	(122)
Net pensions asset/liability	24,277	21,909
Surplus not recognised	(24,277)	(21,909)
Net pension asset/liability (note 19)	0	0

	2024 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	1,901	3,131
Administration Expenses & curtailments	73	107
Total	1,974	3,238

Amounts included in investment costs		
Net interest (income)/ cost	(1,175)	44
Total	(1,175)	44

Amount recognised in Other Comprehensive Income		
Return on pension plan assets	1,702	(2,702)
Changes in assumptions underlying the present value of plan liabilities	(767)	28,130
Surplus not recognised	(2,368)	(21,909)
Enhanced pension provision	(28)	154
Amount recognised in Other Comprehensive Income	(1,461)	3,673

Movement in net defined benefit asset/(liability) during year	2024	2023
	£'000	£'000
Net defined benefit asset/(liability)/ in scheme on 1 August	-	(2,257)
Movement in year:		
Current service cost	(1,901)	(3,131)
Employer contributions	2,232	2,020
Administration expenses	(73)	(107)
Net interest cost	1,175	(44)
Actuarial gain / re measurement	(1,433)	3,519
Net defined benefit asset/(liability) on 31 July	0	0

Asset and Liability Reconciliation	2024	2023
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	80,267	103,277
Current service cost	1,901	3,131
Interest cost	4,044	3,586
Contributions by Scheme participants	768	749
Changes in financial assumptions	767	(28,130)
Benefits/transfers paid	(2,677)	(2,383)
Curtailment and Settlements	-	37
Defined benefit obligations at end of period	85,070	80,267

Changes in fair value of plan assets	2024	2023
	£'000	£'000
Fair value of plan assets at start of period	102,176	101,020
Interest on plan assets	5,219	3,542
Return on plan assets	1,702	(2,702)
Administration expenses	(73)	(70)
Employer contributions	2,232	2,020
Contributions by Scheme participants	768	749
Estimated benefits paid	(2,677)	(2,383)
Fair value of plan assets at end of period	109,347	102,176

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 (2022/23: £0). There was no balance outstanding at year end. (2022/23: £0). Purchase transactions totalling £0 (2022/23: £104,171) took place. There was £0 outstanding at the year-end (2022/23: £1,932).

Association of Colleges B Robinson - member

During the year B&FC received £3,000 (2022/23: £2,000). There was no balance outstanding at year end (2022/23: £0). Purchase transactions totalling £0 (2022/23: £52,083) took place. There was no outstanding balance at the year-end (2022/23: £0).

Association of Accounting Technicians H Broughton – Member of The Governing Body

During the year B&FC received no payments (2022/23: £0). There was no balance outstanding at year end. (2022/23: £0). Purchase transactions totalling £45,262 (2022/23: £0) took place. There was £3,940 outstanding at the year-end (2022/23: £0).

BAE Systems C Holt – Employee, S Fogg - Shareholder

During the year B&FC received £1,913,777 (2022/23: £1,811,074). There was £567,528 outstanding at year end. (2022/23: £386,074). No purchase transactions occurred (2022/23: £0). There was no outstanding balance at the year-end (2022/23: £0).

Blackpool Borough Council J Lockley - Employee

During the year B&FC received £528,564 (2022/23: £645,440). There was £133,651 outstanding at year end (2022/23: £59,831). Purchase transactions totalling £97,628 (2022/23: £82,836) took place. There was no outstanding balance at the year-end (2022/23: £0).

Blackpool Teaching Hospital NHS FT – S Fogg Chair

During the year B&FC received £1,707 (2022/23: £4,060). There was no balance outstanding at year end (2022/23: £0). Purchase transactions totalling £21,958 (2022/23: £1,000) took place. There was no outstanding balance at the year-end (2022/23: £0).

Blackpool Transport Ltd J Cole - Employee

During the year B&FC received £772 (2022/2023: £87). There was £78 outstanding at year end. (2022/23: £87). Purchase transactions totalling £816,795 (2022/23: £480,226) took place. There was no outstanding balance at the year-end (2022/23: £0).

Lancaster University W, Robinson – Employee

During the year B&FC received £0 (2022/23: £0). There was no balance outstanding at year end (2022/23: £0). Purchase transactions totalling £973,934 took place (2022/23: £1,031,440). There was no outstanding balance at the year-end (2022/23: £0).

NW Chamber of Commerce J Cole - President

During the year B&FC received £0 (2022/23: £0). There was no balance outstanding at year end (2022/23: £0). Purchase transactions totalling £6,000 took place (2022/23: £6,000). There was no outstanding balance at the year-end (2022/23: £0).

Partingtons Holiday Centre A Challis - Employee

During the year B&FC received £728 (2022/23: £25,315). There was £728 balance outstanding at year end. (2022/23: £0). No purchase transactions occurred (2022/23: £0). There was no outstanding balance at the year-end (2022/23: £0).

The Lancashire Colleges Limited A Challis - Employee

During the year B&FC received £0, (2022/23: £1,670). There was no balance outstanding at year end. No purchase transactions occurred (2022/23: £0). There was no outstanding balance at the year-end (2021/22: £0).

There were no expense claims paid to or on behalf of the Board members during the year (2022/23: £12). 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 (2023/24: None).

26. Amounts disbursed as agent	2024	2023
Learner support funds	£'000	£'000
Funding body grants – bursary support	868	809
Disbursed to students	(742)	(529)
Administration costs	(40)	(43)
Balance unspent as of 31 July, included in creditors	<u>86</u>	<u>237</u>

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