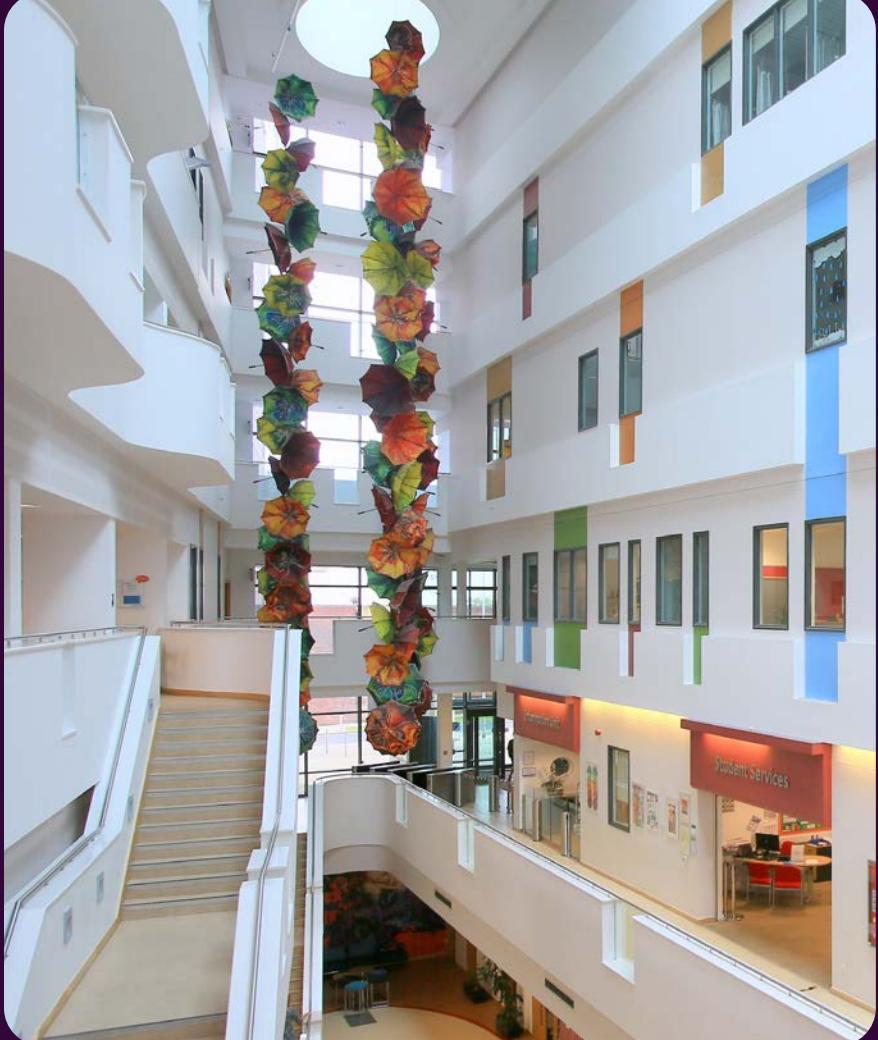


# Financial Report



For the year ending 31 July 2022



**Barnsley College**  
Financial Statements  
For the year ended 31 July 2022

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**BARNESLEY COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2022**

**Barnsley College**  
Financial Statements  
For the year ended 31 July 2022

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### **Key Management Personnel, Board of Governors and Professional advisers**

#### **Key Management Personnel**

Key management personnel are defined as members of the College Executive and were represented by the following in 2021/22:

Principal and CEO	Yiannis Koursis
Deputy Principal - Development & Productivity	David Akeroyd
Deputy Principal - Culture, Place & Communities	Liz Leek
VP Finance	Laila Lawton
VP Corporate Services	Tony Johnson
VP Funding, Performance and Technology	Suki Rai
VP Quality	Ken Merry
VP Technical & Professional Education	Gavin Batty

#### **Board of Governors**

A full list of Governors is given on pages 23-24 of these Financial Statements.  
Heather Jackson acted as Director of Governance.

#### **Professional advisers**

##### **Financial statements auditors and reporting accountants:**

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
Leeds, LS1 4BN

##### **Internal auditors:**

RSM  
5th Floor, Central Square  
29 Wellington Street  
Leeds, LS1 4DL

##### **Bankers**

Barclays Bank Plc  
North East & Yorkshire Larger Business Team  
PO Box 378, 71 Grey Street  
Newcastle Upon Tyne, NE99 1JP

Santander  
Bootle  
Merseyside, L30 4GB

NatWest  
26 Market Hill  
Barnsley, S70 2QE

##### **Solicitors**

Martineau Johnson  
1 Colmore Sq,  
Birmingham, B4 6AA

DAC Beachcroft  
St Pauls House  
23 Park Square South  
Leeds  
LS1 2ND

## **Barnsley College**

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### **Strategic Report**

#### **Objectives and Strategy**

The members present their report and the audited financial statements for the year ended 31 July 2022.

#### **Legal Status**

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

#### **College Vision 2021/22**

The College's 2021/22 vision was 'Transforming lives'. Leaders of the College recognised this to be applicable to students, staff and wider stakeholders. By providing exceptional education, the lives of people connected to, or coming in contact with the College have been transformed significantly in this academic year. The quality of our further education provision was recognised as outstanding by Ofsted in March 2022, making the College the first further education college in the country to be graded outstanding since the start of the COVID-19 pandemic and confirmed that the College remained one of the best colleges in the country. We await formal confirmation of the quality of our Higher Education provision through the Teaching Excellence Framework (TEF) process, but our National Student Survey results out turned 92% student satisfaction (up from 84% in 2020/21) and rank us as one of the best 30 higher education institutions in the country, outranking every university in the Yorkshire and Humber region.

#### **Group Companies**

The College has four subsidiary companies. The principal business of Barnsley College Development Company Limited is property development and administering the energy contract for the college; the principal business of Think Barnsley Limited is to provide employment opportunities for apprentices; the principal business of Independent Training Services Limited (ITS) is that of a training provider; and Smartstyle Technology Training Limited is that of general training. The Strategic Report covers the group results.

#### **An Outstanding Tertiary College**

The College continues to self-assess its performance as outstanding.

#### **Delivering Outstanding Results**

Achievement rates for young people and adult learners are very high and remain significantly above the national averages. Apprenticeship outcomes remain high and are significantly higher than national average.

Following changes in government policy, and associated inspection methodology applied by Ofsted, there is now an increased focus on measures other than achievement rates:

These include:

- Stakeholder satisfaction.
- Progress in mathematics and English towards achieving a minimum of grade 4 in these subjects.
- Progress from starting point in the development of knowledge, skills and behaviours.
- Securing positive progression/destinations when the learner leaves College.
- Ensuring the provision of offer meets the needs of local and regional skills gaps/employers.

## **Barnsley College**

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#### **Strategic Report (continued)**

Learner and employer surveys continue to show high levels of satisfaction with the College. A change in College policy has resulted in more learners studying and achieving GCSEs in both English and mathematics. New apprenticeship standards continue to be developed to create new pathways into employment.

#### **Resources**

The College has various resources that it can deploy in pursuit of its strategic objectives. It is developing a robust estate and property strategy with governor input and a draft has already been produced. Tangible resources include the Old Mill Lane (main College site), the Sixth Form College and the Construction Centre building. Most recently, the Sci-Tech building has been refurbished as a Digital Hub, for the delivery of teaching and learning to learners looking for a digital-based qualification and to provide some digital training to all other College students. It is also available for use by local business and the community.

#### **Financial**

The group has £75.6m (2020/21: £54.5m) of net assets including long-term debt of £13.9m (2020/21: £15.2m) further details of can be found on pages 12 and 13.

#### **People**

The group employs 872 people, of whom 348 are teaching staff.

#### **Reputation**

The College has a good reputation locally and nationally. Maintaining and building upon a strong College brand is essential for the College's success at attracting students and external relationships.

#### **Stakeholder Relationships**

In line with other Colleges and with universities, Barnsley College has many stakeholders. These include:

- Students.
- Education sector funding bodies.
- FE Commissioner.
- Office for Students (OfS).
- Staff.
- Local employers (with specific links).
- Local authorities.
- Local Enterprise Partnerships (LEPs).
- Local schools.
- The local community.
- Other FE institutions.
- MPs.
- Trade unions.
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

## **Barnsley College**

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### **Strategic Report (continued)**

#### **Public Benefit**

Barnsley College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 23 and 24.

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

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

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.
- Links with employers, industry and commerce.

#### **COVID-19**

The pandemic is having a reduced impact on the College but still remains a risk. The development of guidelines at a national level continues to guide the College in its response to COVID-19, with all education now being delivered face to face. There is little action that the College needs to take beyond that which we have put in place at the present time. Regular meetings continue to take place involving the College's COBRA group which manages responses to developments on a timely basis. The College risk assessment is regularly reviewed and updated. As cases have been notified, all required contact and information sharing with local and national bodies has taken place, and relevant information shared with College staff. The level of risk to income levels is not significant.

#### **College Strategic Priorities 2021/22**

As part of the College's normal strategic planning process, the College's Strategic Priorities were reviewed and updated as Strategic Pillars.

#### **Strategic Pillars:**

- Quality
- Curriculum
- Sustainability
- Reputation

#### **College Strategic Priorities 2021/22 Update**

This section of the Financial Statements summarises the College's progress against its key strategic priorities.

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**Strategic Report (continued)**

**Quality**

**Outstanding quality of education**

The College was inspected in March 2022. This was a routine inspection and was only possible as a result of the 'outstanding exemption' being removed from the Education Act (2006) in October 2020. It is believed that the College was not inspected sooner because performance remained very strong and presents minimal risk as far as Ofsted are concerned. The College self-assessed as outstanding for 2021/22.

Formal lesson observations were impacted upon by COVID-19 in the previous year. However, a refreshed and significantly revised process was introduced for 2021/22. The focus of this process was professional development and improving the overall quality of teaching. This was achieved and validated through the outstanding inspection by Ofsted. There remains a full Teaching and Learning Coaching Team in place to support the improvement of teaching and learning where required and to support further with digital technology and blended learning. Priorities for 2022/23 include appointing a specialist coach to work with apprenticeship trainers. The new Quality Improvement Review (QIR) process was introduced in 2021/22; this ensures that reviews are frequent, resulting in less risk as issues are identified before escalation, therefore having a positive impact on the quality of provision.

Achievement rates are very high again; in 2021/22, especially for 16–18-year-old students at 86.7% and continue to be well above the last known national average. This suggests that Teaching, Learning and Assessment continues to be outstanding.

Government policy continues to provide the College and the sector with a significant challenge. In 2021/22 the College operated a GCSE enrolment policy that meant all students who joined the College without a grade 4 or above in GCSE English and mathematics were enrolled against GSCE support progression with mathematics and English and embeds the importance of this in vocational areas. The College policy also provides all students with the opportunity to re-sit during the autumn term.

16-18 achievement declined slightly to 86.7% (from 87.4% in 2020/21); adult achievement rates have improved by 2.7% from 88.5% in 2020/21 to 91.2% in 2021/22. Overall achievement rates have improved by 0.7% from 87.7% in 2020/21 to 88.4% in 2021/22.

Overall, students in the Sixth Form achieved A-level results that were in line with their grades on entry. There was a high learner satisfaction with 95% of learners are satisfied with their course. Every learner has an entitlement to receive impartial advice and guidance for progression through the central careers team if they require this support. All curriculum areas record 'intended destinations' throughout the year and recruitment is looking strong for progressing learners.

**Outstanding personal development; Outstanding behaviour and attitudes**

Learners across the College continue to benefit from a strong health and wellbeing provision; health and wellbeing activity is provided for College students through over 20 partners who provide significant upskilling for College staff including mental health first aid training. During 2021/22, staff continued to ensure a significant amount of wellbeing work was offered to students to ensure the high-quality provision is maintained. The trauma informed approach to supporting students is sector leading and ensures that students receive the support that they need.

## **Barnsley College**

### Financial Statements

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#### **Strategic Report (continued)**

##### **Outstanding leadership and management**

Leaders and managers continue to set extremely high expectations for students and staff. This ensures that students have higher ambitions for their future. Leaders continue to carefully manage the financial position of the College, this enables investment in high quality facilities, such as the recent multi-million-pound investment in the SciTech building.

Leaders ensure that Labour Market Information (LMI) is used to inform the planning of the curriculum, as a result, the College offer meets the local and regional skills needs, meeting the new Ofsted requirement prior to it being published. Staff are supported to develop their teaching practice through highly effective professional development.

Governance arrangements are extremely strong. The College operates an assurance-based model of governance. This allows governors to clearly identify the areas of provision and performance where they require further information to reassure them that performance of the College remains strong.

Leaders ensure that the provision of safeguarding arrangements exceed the statutory requirements, including the work that has been done to ensure students are safe from peer-on-peer harassment, sexual assault, and domestic violence.

##### **Enhance HE provision**

Higher Education took part in a Quality and Standards Review and received a high degree of confidence across all areas. In addition, the National Student Survey results were excellent, and the College received an 92% satisfaction rate compared to the sector average of 72%. HE continues to deliver high-quality education. Partnership reviews were undertaken with Leeds Trinity University and University of Hull in 2021/22. Both reviews were extremely positive and provide an excellent platform for future HE developments.

#### **Curriculum**

##### **Ofsted**

During the March 2022 inspection the Quality of Education at the College was judged Outstanding with three of the four key provision types receiving Outstanding grades. Education Programmes for Young People, Adult Learning Programmes and Provision for Learners with High Needs were judged Outstanding. Apprenticeships were judged Good, and inspectors were confident with the progress trajectory it was taking.

Inspectors found that leaders and managers had selected and developed a highly responsive and ambitious curriculum; that senior leaders and governors have developed very effective partnerships with a wide range of relevant stakeholders to develop a curricula which meets current and new business industry needs; that teachers have very high expectations for students and provide a high level of support and encouragement which enables students to achieve well; and that students demonstrate highly positive attitudes to their learning, enabling them to develop new skills and knowledge.

##### **Relevant and current wider curriculum meets the needs of our communities.**

The College continues to review and refresh its curriculum offer to meet the needs of its key stakeholders. Curriculum intent is very strong. LMI and stakeholder engagement positively influences and shapes a curriculum which richly supports the development of knowledge, skills, attitudes, and work-ready behaviours, effectively preparing students for their next steps.

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### **Strategic Report (continued)**

Curriculum design focusses on developing students holistically, providing them with outstanding social and cultural acquisition opportunities.

The combined work of Talent United, curriculum teams and the embedding of cultural capita has been exceptional. Students, employers, and guest speakers have spoken extremely positively about the two-way learning gained from the many industry weeks held across the year. Talent United is the College's employer engagement programme, which aims to bridge the gap between education and employment, by providing our students with employer-led and employer-based opportunities. This achieved by creating partnerships with companies and individuals who may be able to provide anything from guest speakers to workshops, workplace tours, work placements or apprenticeships. The aspirational culture developed within the sixth form led to 20.5% of A-Level students who applied to UCAS accepting a Russell Group university offer.

#### **Develop Technical Education provision and pathways.**

Curriculum and clear progression pathways are effectively designed and enable progression across and within all curriculum areas. Progression from the Learning for Living and Work and Foundation Learning departments is good, and the transition process to vocational areas is supportive and effectively facilitated to meet the needs of the students. 2021/22 student exit surveys show learners have a very good understanding of their next steps and has seen significant improvement on the results from the year before. Whilst progression has also shown positive improvement on 2020/21, further work is needed to achieve the College's progression target.

The implementation of T-Levels has been extremely successful. 45% of our first wave T-Level Education, Construction and Digital students who completed their qualification achieved a distinction grade; 41% achieved a merit grade. Student destinations were excellent; of the completing wave 1 cohort 21% progressed into full-time employment in settings related to their studies, 25% progressed onto apprenticeships to further extend their technical learning and skill development and 52% secured university offers and will progress to higher education.

Retention on T-level programmes continues to exceed the 90% College target.

Excellent learning and planning has taken place to prepare for the introduction of a number of additional T-Level routes next year.

Across some sectors, the pandemic previously hindered student opportunity around work experiences and industry placements. In 2021/22 the significant majority of face-to-face work and industry placements/experiences were re-established. Students benefitted from rich opportunities to develop real-world work-ready skills and behaviours. Additionally, the excellent links and partnerships which have been developed with businesses further enhanced students engaging with employers through industry exposure and highlight weeks, masterclasses, guest speakers and a range of other equally deep and meaningful ways in which our students actively worked alongside industry experts.

#### **Develop an Adult Education curriculum and grow higher-level technical programmes that address local skills priorities.**

There has been effective development of apprenticeship programmes, particularly at a higher level. Higher level apprenticeship provision is offered across Digital, Construction,

Health, Business and Education sectors. The College have live enrolments across a range of higher-level apprenticeship standards, including the newly developed Chartered Management Degree Apprenticeship.

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#### **Strategic Report (continued)**

Student's digital literacy skills have been enhanced throughout the academic year. The pandemic drove and forced digital skill learning and development at a greater pace than under 'normal'

circumstances. Students have developed digital agility, familiarisation and understanding, and responded excellently to learning and working virtually and with new technologies and platforms.

Our adult curriculum portfolio continues to be influenced by findings from our Local Skills Improvement Plans (LSIP) work with the chambers of commerce and businesses. Additionally, our national skills funded offer extended to include new level 3 programmes across Science, Technology, Engineering & Math (STEM) sectors.

#### **Sustainability**

##### **Attract, retain and develop great staff**

All targets were achieved in this goal. The key focus was on levels of staff satisfaction, staff turnover (overall and in the first 12 months of employment) and training and development for teaching staff.

Staff satisfaction was on target with an average of over 90%. The response rate for the staff surveys was also high which gave confidence that the results were valid. There was also continuing consultations with staff to support shaping what it means to work at the College, and how feedback and communication is managed. Staff turnover was 16% (target 17%), and staff turnover in the first twelve months of employment was 19% (target at 20%). All teaching staff had an individual professional development plan in place which supported them in their roles as frontline practitioners.

##### **Future proof the College's finances**

The College delivered its July 2021 Financial Plan which set the key financial targets for 2021/22. Cash generation (EBITDA) is higher than expected and this has enabled the College to achieve good financial health.

The College exceeded its key financial targets for the year.

- EBITDA target £4m, achieved £4.6m.
- Debt service cover target 1.5 times, achieved 2.06
- ESFA Financial Health Grade score of at least 180 points, achieved 220 points "Good".

##### **Reduce the College's carbon footprint**

The College is committed to achieving net zero in operations by 2045. In November 2021 the College signed the Race to Zero campaign and the Association of College's (AoC) Green College Commitment.

The College also recognises sustainability is wider than the carbon footprint and therefore actions have been taken to address climate change and the UN Sustainable Development Goals (SDGs). In 2021/22 the College introduced departmental sustainability action plans designed to address the SDGs within each department.

Energy usage is the main contributor to the College's carbon footprint and therefore one of the priorities for the College to reduce. Energy consumption exceeded target, during the first quarter of the year consumption was below pre-Covid levels though this pattern was not sustained throughout the year. Energy management is a key priority moving into 2022/23.

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**Strategic Report (continued)**

The College installed an air source heat pump at Wigfield Farm with the support of a Salix grant. Throughout the year an estate decarbonisation plan was developed, and further funding will be sought for to deliver the ambition.

The College publishes its Streamlined Energy and Carbon Reporting on the College website.

In June 2022 teaching staff took part in development sessions aimed at embedding Education for Sustainable Development.

Furthermore, the Board held a creative session focused on environmental sustainability ahead of the Sustainability Strategy launch early next year.

**Reputation**

**Be the provider of choice for our stakeholders**

The College supports the local economy by working with more than 1,000 employers. The Business Development team, Talent United and Work Placement team work together to provide solutions for the local business needs and form strong links between the educational purpose of the College and increased productivity in the sub-region. Apprenticeship recruitment remains a high priority.

The extension of the College's Academy structure will be further strengthened with four additional academies expected to be launched in the first quarter of 2021/22 academic year, adding to the three already in place. These represent the depth of relationships the College is now building with employers to become their trusted partner in meeting their skills needs moving forward.

Account Managers within the business development team are working closely with levy employers to maximise apprenticeship starts and provide a more holistic skills and talent recruitment proposition.

**Raise the College and its subsidiaries' profile**

The College continues to develop its brands positively, utilising all instances that can highlight case studies and good news.

Social media following continued to grow across all channels over the last year with most growth seen in Facebook followers. This supports increased communications on this platform during the pandemic and proved a highly successful way to communicate with learners, parents, and schools.

The College had a range of positive news stories over the last year and has been approached a number of times to provide the Department for Education with quotes, case studies and video snippets for their social media platforms.

The Executive team have been invited to contribute to and comment upon key education policy developments over the year. The Principal was a member of the working party leading to the development of the Skills for Jobs white paper and numerous opinion pieces have been published across multiple media over the year.

**Extend and enhance stakeholder engagement and recognition**

The College continues to work ever closer with all stakeholders.

The Principal and other Executive members are active across many sub regional and borough based developments which include the Barnsley Metropolitan Borough Council (BMBC) 2030 plan, Barnsley Hospital Council of Governors, Chamber of Commerce and other local strategic place shaping partnerships.

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#### **Strategic Report (continued)**

The College continues to support local events and sponsors where appropriate to extend our reach into the community.

#### **Financial performance indicators**

The Board of Governors wishes to ensure that the College remains financially sound, protecting itself from unforeseen adverse changes in revenue streams, generating sufficient income to enable maintenance and improvement of its accommodation and equipment, and servicing its debt costs.

The College has ambitious growth plans and will continually focus on value for money in everything it does. In order to deliver its non-financial objectives, it is critical for the College to have a robust financial platform.

Its high-level financial objectives are:

- To deliver strong sustainable cash flows.
- To grow and diversify the revenue base.
- To generate sufficient surpluses to enable servicing of debt and financial stability.
- To meet lending covenants set out by lenders.

This will be achieved through:

- The continuing prioritisation of Business Planning and Performance Review systems, delivering:
  - Strong financial planning and budgetary control.
  - Transparency in decision-making processes.
  - Accountability and budget ownership.
- Delivering an appropriate staffing resource with high levels of flexibility and skills.
- Revenue targeting and growth, developing a diversified business model and reducing reliance on core funding.
- Development of new facilities, delivering up-to-date and high-quality teaching and learning resources.
- Investment in Information Learning Technology, delivering innovation in curriculum delivery and improving curriculum efficiency.

The College is committed to observing the importance of sector measures and indicators and uses the data available on the [www.gov.uk](http://www.gov.uk) website, which looks at measures such as success rates. The

College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The College is assessed by the Education and Skills Funding Agency as having Good financial health grading. The rating for the 2021/22 budget was set as outstanding with the minimum points approved by the Board being 180 (good). The overall points were 220.

#### **Financial results**

The overall, group revenue was £44.9m (2020/21: £47.5m), of this £1.6m is recognised for capital grants (2020/21: £6.3m). Underlying revenue was £43.4m (2020/21: £41.2m).

The financial results for 2021/22 are good. The College had earnings before interest, tax, depreciation, and amortisation (EBITDA) budget for 2021/22 of £4m and achieved £4.6m.

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**Strategic Report (continued)**

The group's operating position before interest and depreciation ("Education Specific EBITDA") was a surplus of £4.6m (2020/21: £5.2m).

The group delivered a loss before other gains and losses of £3,471k (2020/21: £2,783k surplus) after:

- Depreciation charges of £6,438k (2020/21: £5,760k).
- Bank interest and pension finance costs of £1,235k (2020/21: £1,272k).

The group generated operating cash flows of £3.5m (2020/21 £7.9m) which have been reinvested in capital assets.

The ESFA Financial Health Grade for the year was Good (2020/21: Good).

During the year cash balances decreased by £740k.

The pension deficit has reduced from £24,177k to £2,046k. Volatility in the macroeconomic markets has caused significant variation in the CPI and resulting discount factors resulting in a significant movement.

**Treasury policies and objectives**

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

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

**Cash flows and liquidity**

At £3.5m (2020/21 £7.9m), net cash flow from operating activities was strong.

During the year, the College reduced its borrowing by £1.4m.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year, this margin was comfortably exceeded. Banking covenants were all met for 2021/22. The College's loan agreements transferred to base rates with effect from 1 January 2022.

**Developments**

Tangible fixed asset additions during the year amounted to £4m. This was split between building work of £2.8m and equipment and fixtures of £1.2m. The main addition in the year was the phase 2 of the Sci-Tech project.

**Sources of income**

The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22, the FE funding bodies provided 84% of the group's total income.

**Reserves**

The group has accumulated reserves of £75,556k and cash and short-term investment balances of £9,756k. The group wishes to maintain reserves and cash balances in order to be sustainable and safeguard for the future.

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#### Strategic Report (continued)

##### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of an agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The current target set by the Treasury for Government departments for payment to suppliers of valid invoices within 30 days is 100%. During the accounting period 1 August 2020 to 31 July 2021, the College paid 93% (2020/21: 92%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

##### Future prospects

There are a number of future opportunities the College is seeking to maximise. Demographics in the area indicate an increased cohort of 16–18-year-olds over the coming years. The significantly improved results from the Sixth Form College provide an opportunity for growth in A levels. The College is seeking to develop its offer across a range of curriculum areas at higher levels through Higher Education and Higher apprenticeships.

The College was chosen as one of 44 to early adopt the T-Levels in 2020/21 and also one of only 37 to deliver the Transition Programme designed to prepare learners for T Level study. The College is investing in these and looking to expand the number of learners on these courses in future years. It is also looking to expand its apprenticeship activities although the proposed move of more non-levy income to levy may impact this.

The opening of the Digital Innovation Hub (previously Sci-Tech) and recent news of additional funds to create makers space and incubation pods on the site offer the College endless opportunities to further engage with the digital business community as well as boost digital literacy in the area.

The Government's response to COVID-19 to re-build the economy also presents a number of opportunities for further involvement, these include the Government's Kickstart scheme which provides funding to create new jobs for 16- to 24-year-olds on Universal Credit who are at risk of long-term unemployment, growth in traineeships to cover adults and expected programmes to support the rapid return to work of those effected by the downturn.

#### Strategic priorities for 2022/23

The strategic priorities provide a roadmap for the College on the journey to achieving the College's vision of transforming lives. The priorities represent the areas where resources and time will be focused to ensure that student, staff and stakeholders get the best out of Barnsley College.

##### 1. Quality

Delivering a beyond outstanding experience for both students and staff and being Ofsted inspection ready is the key focus.

Key themes underpin the College's ambition to reach outstanding and beyond, each area driving teaching and learning. These are quality of education; personal development, behaviour, and attitudes; leadership and management and Higher Education.

The College aims to deliver the highest quality provision for students, staff, and stakeholders to help them aspire to reach their full potential.

##### 2. Curriculum

The successful delivery, beginning in September 2020, of the three T Level routes in Education, Construction and Digital is a key development for the College and will provide an opportunity to shape the future of education for the FE Sector. The development of a Digital

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#### **Strategic Report (continued)**

Innovation Hub linking most specifically to the Digital T Level curriculum will provide a significant resource for the whole College population and will allow the College to prepare learners for the jobs of tomorrow following the 4<sup>th</sup> industrial revolution.

#### **3. Sustainability**

The College must be safeguarded for the future, making sure it generates enough cash each year to continue to provide an outstanding experience for students and staff during their time with the College.

The ultimate aim is to future proof the financial position. This involves investing in buildings, facilities, equipment, and the IT infrastructure. To generate cash the College needs to increase in size and ensure it operates efficiently. The College is committed to reducing its carbon footprint and is developing a long-term plan to achieve this.

#### **4. Reputation**

The College is proud of Barnsley and the communities it works with. It aims to continue to build strong links with students, staff, schools, and businesses, reinforcing the College's place in the local community as an outstanding education provider and anchor institution. The College's students go on to do amazing things after leaving the College, whether that is through work or further study, and alumni prove the College is achieving the vision of transforming lives.

As the College strives for beyond outstanding, its brand and reputation, as well as the quality and financial position, underpins the ability to recruit students and engage with external audiences.

#### **Principal risks and uncertainties**

The College has developed further the system of internal control, including financial, operational and risk management that is designed to protect the College's assets and reputation.

Based on the strategic pillars and goals, the Senior Leadership Team undertakes a comprehensive review of the risks to which the College is exposed and acknowledges these in the Board Assurance Framework (BAF). The Board Assurance Framework identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks and covers assurance gained. Systems and procedures are identified which mitigate potential impact on the College and the subsequent year's annual risk management report will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks that may arise as a result of a new area of work being undertaken by the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

#### **Protecting tertiary status**

Barnsley College operates in a tertiary system whereby all level three provision in the local area takes place in the College. The only exception to this is a comprehensive school situated within the borough but not local to the College. The risk of other providers offering level three courses is managed through two strategies: quality and relationships. By offering high quality courses with outstanding outcomes there will be less chance of local schools opening sixth forms and thereby increasing competition for students. We maintain excellent relationships locally to keep school head teachers informed of our performance and participate in key local fora to foster good relations.

## **Barnsley College**

### **Financial Statements**

**For the year ended 31 July 2022**

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#### **Strategic Report (continued)**

##### **Compliance with the rules of regulatory, funding, and legal bodies**

Non-compliance with regulatory, funding, and legal bodies evidences an inability to act in accordance with rules or requests and exposes the College community to substantial risk by avoidance or evasion of required procedures and/or processes. The scope for impact in terms of income, reputation and students could be significant if not managed sufficiently. The College places reliance on a variety of systems which aid compliance with requirements across a range of provision, and has expertise within the Management Information and Systems Team (MIS) function to monitor, guide and train curriculum areas on actions that will ensure that rules and procedures are followed.

##### **IT disaster recovery and response**

The threat to the operations of the College related to a failure of IT systems is significant, with the education sector being subject to a series of attacks in recent times. Disaster Recovery (DR) planning outlines IT technologies and practices to prevent or minimise business disruption and/or data loss resulting from a variety of events, including cyberattacks, system or equipment failures, power outages and natural disasters. The College's risk management system includes use of cloud-based systems, regular backing up of systems, a key relationship with JISC for internet-based activities, and measures to ensure that users safeguard the system through passwords and multi-factor authentication. Suitable and sufficient insurance is in place and the disaster recovery procedures are tested periodically.

##### **Servicing of debt and financial stability**

Inability to generate sufficient surpluses to enable the servicing of debt will potentially impact on the College's financial health grade, compliance with the bank covenants, ability to cover interest payments and an ability to invest in buildings and equipment. An established and embedded system of business planning and performance review is key to the mitigation of this risk, as well as a prudent method of managing finance which decreases the likelihood of the College missing its key financial targets. Safeguards include sound financial forecasting, overdraft facilities being in place and regular reporting on financial performance. The current macro-economic climate and continuing volatility is a risk to the college but is minimised through the robust business planning and performance review process; the financial plan was a bottom-up forecast including inflation assumptions at a granular level, these assumptions are then tested throughout the year at the performance review meetings and monitored through routine financial reporting. Major capital projects are well managed. Relationships with key stakeholders such as the banks and ESFA are also well managed with regular meetings.

##### **Quality**

A failure to deliver "Outstanding" for Overall Effectiveness in an Ofsted inspection could result in a loss of reputation, have a high impact on student outcomes and lead to subsequent financial loss. The College makes critical strategic decisions on how education is organised in the College, how resources are allocated and ensures that the necessary monitoring systems are in place to give assurance that the key areas of the Education Inspection Framework are being met. Established Teaching and Learning and Quality systems are in place to support continuous development and tackle under-performance, and governors are regularly appraised of performance under the assurance-based model of governance. An ever-ready plan is in place to assist with an on-going preparedness which will minimise the requirement for urgent action when an inspection is imminent.

##### **Student recruitment**

Successful recruitment of students in 16-19, HE and apprenticeships is essential to ensure that College mitigates financial and reputational damage, as well as being able to invest in the curriculum and support an outstanding student experience. Rigorous planning is in place to ensure

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Strategic Report (continued)**

realistic future recruitment targets are set through the business planning process, taking into account external demographic profiles and internal progression targets. Critical marketing activities and events which directly involve future students and parents take place, as well as targeted information, advice, and guidance to maximise future student achievement.

Support for students is well established from transport to College through to on course help and personal tutorial support.

**Apprenticeship income**

Income from apprenticeships is a critical area for the future growth and sustainability of the College. The College plans prudently for apprenticeship income. The impact of a reduction in income is manageable within the College's financial model. A delay in receipt of income as a consequence of the new funding system for non-levy employers has been modelled and is within the College's available cash headroom. The risk is mitigated by a focus on growth through business development and quality of provision, and a new apprenticeships department, which has been set up in-year, will play a critical role in ensuring that doing apprenticeships at the college will be attractive.

**COVID-19**

The pandemic is having a reduced impact on the College but still remains a risk. The development of guidelines at a national level continues to guide the College in its response to COVID-19, with all education now being delivered face to face. There is little action that the College needs to take beyond that which we have put in place at the present time. Regular meetings continue to take place involving the College's COBRA group which manages responses to developments on a timely basis. The College risk assessment is regularly reviewed and updated. As cases have been notified, all required contact and information sharing with local and national bodies has taken place, and relevant information shared with College staff. The level of risk to income levels is not significant.

**Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS 102. The College forecasts accommodate a rise in pension costs for LGPS and future rises in the Teachers' Pension contributions.

**Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies and the Office for Students (previously HEFCE). In 2021/22, 86% of the Group revenue was ultimately publicly funded and this level is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**Going concern statement**

After making appropriate enquiries and considering forecasts on the College and its subsidiaries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. The going concern assessment considered the College financial operating forecasts and cash flow forecasts to July 2024. It also tested the mitigations in place against a critical scenario with a loss of £4m income (9% of total forecast income 2022/23) that leads to a breach in bank covenants. This would be an extreme scenario for the College and the extent to which this impacts upon the financial targets, cash flow and bank covenants is manageable; the Corporation is confident it has appropriate mitigations in place to reduce the likelihood. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College will set an EBITDA budget of £4m for 2023/24. The business-planning model is well established and delivers a budget that is prudent, achievable, and risk-managed. There is a high

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Strategic Report (continued)**

level of competency in financial management across the College. Historically the College has outperformed its budget.

Cash flow forecast projections indicate the College has sufficient cash until at least July 2024. The lowest cash balances are in March 2023 and March 2024 as is normal in the sector. The March 2023 balance is forecast at £4.1m and March 2024 at £2.5m.

College forecasts indicate that all bank covenants will be met until at least July 2024. The College has sufficient headroom in its bank covenants to withstand a level of financial disruption. The testing identified a critical scenario with a loss of income of £4m (9% of forecast income in 2022/23), leading to a breach in bank covenants. The College's internal control processes include existing mitigations against the impact and likelihood of the scenario. However, the College can also call on other measures where needed, including restricting expenditure and placing staff recruitment on hold to reduce in-year costs and to protect College cash reserves. At November 2022, the College has unfilled vacancies amounting to £2m.

There is also flexibility in the College capital investment plan. The cash flow forecast assumes the total capital expenditure of £9.6m from December 2022 to July 2024. Of this £3.5m is committed to projects and other non-cancellable commitments leaving £6.1m left that can be withdrawn if required.

In these instances, the College would minimise the extent of the breach and enter into early dialogue with the bank.

The College will continue to monitor and respond to the risks of operating with COVID-19. The College has continued to operate as close to business as usual and does not believe that COVID-19 will have an impact on the College remaining a going concern. The volatility of the current macro-economic climate is a risk to the college and the sector. The college operates a robust business planning and performance review process which is ongoing throughout the year, so where plans and assumptions are not in line with the financial plan these can quickly be identified and mitigated.

The College financial forecasts are prepared on a prudent basis. The operating forecasts and the cash flow forecasts until July 2024 provide assurance the College has adequate resources until at least that date. The reverse stress testing of bank covenants provide additional evidence to support that conclusion. The College has robust business continuity plans, risk management and financial management processes and so is well placed to respond to future uncertainty in a timely manner. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has considered the financial position of its subsidiaries and concludes that Independent Training Services Limited and Smartstyle Technology Training Limited are reliant on the College for financial support. The College has assessed whether it has the resources to provide this support and has concluded it does. The College has confirmed its continued financial support for both entities until at least July 2024.

The Corporation is confident it has appropriate mitigations in place to reduce the likelihood and impact of the critical scenario tested.

#### **Equality and diversity**

Barnsley College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively differences in race, gender, sexual orientation, disability, ability, class, and age. The College strives vigorously to remove conditions, which place people at a disadvantage and will actively combat bigotry. The College has a no-tolerance policy towards bullying, harassment and victimisation and actively tackles the behaviours, which transgress this policy.

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Strategic Report (continued)**

The College's Single Equality Scheme and action plan are published on the College's internet site and are monitored regularly by the Senior Management Team and the Board of Governors.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training,

career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

#### **Disability statement**

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

- a) The College's Student Services and Additional Learning Support (ALS) departments provide information, advice and arranges support where necessary for students with disabilities.
- b) 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 from the ALS department.
- c) The Admissions Policy for all students is described in the College Information, Advice and Guidance (IAG) Policy. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
- d) The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of Student Support staff who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- f) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Behaviour Support Policy leaflets at induction.

#### **Facility Time**

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish certain information on trade union officials and facility time.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to disciplinary or grievance hearing. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.

The regulations require the following information to be published on the employer's website:

- Table 1: The number of employees who were relevant union officials during the relevant period, and the number of full-time equivalent employees
- Table 2: The percentage of time spent on facility time for each relevant union official
- Table 3: The percentage of pay bill spent on facility time
- Table 4: The number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours.

This report covers the period 1 April 2021 to 31 March 2022

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**Strategic Report (continued)**

**Table 1: Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1.5

**Table 2: The percentage of time spent on facility time for each relevant union official.**

Number of our employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of Time	Number of employees
0%	0
1-50%	2
51%-99%	0
100%	0

**Table 3: The percentage of pay bill spent on facility time**

Percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total number of hours of paid facility time	0
Total cost of facility time	£1,726
Total pay bill	£28.2mm
Percentage of the total pay bill spent on facility time, calculated as:  (total cost of facility time ÷ total pay bill) x 100	0.01%

**Table 4: The number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours.**

Hours spent by employees who were relevant union officials during the relevant period on paid trade union activities as a percentage of total paid facility time hours.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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**Strategic Report (continued)**

**Disclosure of information to auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:

*Simon Perryman*

**Simon Perryman**

**Chair of Governors**

21/12/2022

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**Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 14 July 2015. Further, the updated Codes published in May 2019 and September 2021.

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

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Statement of Corporate Governance and Internal Control (continued)****The Corporation**

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

Name	Date of Appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
L Bartholomew	18.05.21	When ceases to be a student	12.07.22	Chair Remuneration		56%
N Bowen	16.07.13 Reappointed 15.07.17, 16.03.21 & 14.12.21	1 year	12.07.22	Vice Chair	G&S R	78%
C Charlesworth	24.03.20	4 years	n/a	Staff		89%
C Cooper-Smith	09.11.21	2 years	n/a		A	100%
G. Day	15.12.20	4 years	n/a			44%
A Denniff	15.12.20	2 ½ years	n/a			78%
K Dickinson	13.12.16 Reappointed 19.05.20	4 years	n/a	Chair of ITS, Think & BCDC		78%
B Jacobs	19.05.20	When ceases to be a student	n/a	Student		100%
H Jaggar	18.07.17 Reappointed 18.05.21	4 years	n/a	Vice Chair	G&S R	100%

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Statement of Corporate Governance and Internal Control (continued)**

Name	Date of Appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
S. Jandu	15.12.20	3 years			<b>A</b>	44%
T Johnson	19.05.20	3 years	n/a		<b>A</b> (to June 2022)	67%
M Lang	19.05.20	4 years	n/a	Chair Audit from 30.11.21	<b>A</b>	100%
C Moss	13.12.16 Reappointed 19.10.21 for 12 months	1 year	26.02.22			38%
S Perryman	09.09.15 Reappointed 05.02.19 Reappointed 12.07.22	3 years	n/a	Chair of Board & Governance & Search	<b>G&amp;S</b> <b>R</b>	67%
D Shepherd	21.10.14 Reappointed 18.12.18	4 years	n/a		<b>A</b>	80%
H Weatherston	16.06.20	4 years	n/a			100%
S Taylor	12.12.17 Reappointed 19.10.21 for 4 years	4 years	30.11.21	Chair of Audit	<b>A</b>	33%
Y Koursis	30.04.19	When ceases to be Principal		Principal/CEO and member	<b>G&amp;S</b>	100%

Key to Committees: **G&S – Governance and Search****A – Audit****R – Remuneration.**

## **Barnsley College**

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For the year ended 31 July 2022

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### **Statement of Corporate Governance and Internal Control (continued)**

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources, and standards of conduct. Under the powers provided by the Further Education Corporation Modification Order 2012, the Corporation revised and approved its Instrument and Articles of Government with effect from 1 August 2013. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

The Corporation meets seven times a year on a formal basis and three times to address single issues through creative sessions. It also reviews areas of performance through a programme of deep dives.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which are reviewed annually and are approved by the Corporation. These committees are *Governance and Search (G & S)*, *Audit and Remuneration*. Full minutes of all meetings, except those deemed confidential by the Corporation, are available from the Director of Governance to the Board at:

Barnsley College  
PO Box 266  
Barnsley  
S70 2YW

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

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

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

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

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

#### **Remuneration Committee**

Throughout the year ending 31 July 2022, the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and conditions of service of the Accounting Officer and other senior post holders.

The governing body adopted the AoC's Senior Staff Remuneration Code in March 2019 and assesses pay in line with its principles.

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Statement of Corporate Governance and Internal Control (continued)**

The remuneration committee is concerned with all aspects of the employment of senior post holders, including recruitment, promotion, retention, setting and reviewing performance targets and conditions of employment of senior post holders, taking account of affordability, comparative information on the remuneration, benefits and conditions of employment from within the further education sector and other organisations of a comparable size/turnover.

The remuneration package of key management staff, 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 College's Pay Policy applies to all staff including senior post holders. In conjunction with the Appraisal policy, it is designed to motivate staff to achieve the College's strategic objectives. Both the Appraisal Policy and the Pay Policy were reviewed in January 2022. The College has adopted the AoC Code of Good Governance amendment covering College's Senior Post Holder Remuneration.

Decisions on the salaries of senior post holders are informed by market data including

- Salary benchmark data for same-level staff in comparable Colleges (derived from the AoC Survey of Remuneration of Management staff and Senior Post holders to include Colleges in Yorkshire & Humberside and with similar turnover).
- Economic conditions and competitive forces within the local community.
- Pay awards given to wider College staff.
- Affordability, as determined by the College's financial performance.
- Whole College performance against strategic objectives and key performance indicators approved by the Board.
- Individual performance against objectives set as part of the annual appraisal process.
- Benefits in kind.
- Pension entitlements.

The College Appraisal Policy sets out the framework under which appraisals for all staff are carried out twice a year and explains the alignment of individual objectives with the College's strategic priorities, purpose, and values. In respect of senior post holders, the performance objectives are agreed by the remuneration committee and reports on their performance are provided to the committee to inform their decision-making in respect of the consideration of salary progression.

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

Details of remuneration for the year ended 31 July 2022 are set out in note 8 to the financial statements.

#### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance and Search Committee, consisting of three members of the

Corporation, which is responsible for the selection, and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Statement of Corporate Governance and Internal Control (continued)****Corporation performance**

The Board evaluated its performance at the end of the year through individual 1:1s with the Chair, a Board and Committee Effectiveness survey, Skills Audit and reviewed the effectiveness of the Chair's performance. The results of the surveys were discussed at Governance and Search and shared with the Board. An external review has been commissioned which commenced in September 2022.

Final results will be presented to the Board at its Strategic Seminar in January 2023 and an action plan will be agreed and published on the website.

The College introduced an Assurance Based Governance Model in 2020. The model identifies and records the key sources of assurance that inform management and the board on the effectiveness of the key controls and processes that are relied upon to manage risk and achieve the College's objectives. The model was reviewed as part of the internal audit process in 2020.

**Governor Training and Development**

Barnsley College is committed to providing a range of training and development opportunities for their Governors and Governance Professionals. All new governors have completed a comprehensive induction process and ongoing training and support are available through in-house and externally organised events.

The following activities were undertaken in the year ending July 2022.

Training & Development Activity	Governors Involved
College, AoC and Unloc Induction programmes	New Independent, Staff and Student Governors
AoC Chairs & Principals Development Network	Chair and Principal
AoC Annual Conference	Chair, Vice Chairs
Statutory Training (Safeguarding, Prevent)	All Governors
Statutory Link Governor Meetings	Statutory Link Governors
Curriculum Link Governor Meetings	Curriculum Link Governors
Strategic Seminar	All Governors
College Governor Training & Briefings (Ofsted Preparation, Incel, Sustainability, Student Voice, EMSI Business Breakfast)	All Governors
Deep Dives (Code of Good Governance, CSTEM)	All Governors
Governance Professional Training & Development (various)	Governance Professional

**Audit Committee**

The Audit Committee comprises five members of the Corporation (excluding the Accounting Officer and Chairman). The Committee operates in accordance with written terms of reference approved by the Corporation.

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Statement of Corporate Governance and Internal Control (continued)**

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

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

#### **Governance & Search Committee**

The Governance & Search Committee comprises of three members of the Corporation and meets twice a year. The committee advises the Board on the constitution of the Board and its recruitment and selection procedures. It also considers the skills required of members, terms of office and succession planning. The Committee is responsible for making recommendations to the Board on its Conduct of Business and any other governance policies.

#### **Internal control**

##### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum/Financial Agreement between Barnsley College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

##### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barnsley College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Statement of Corporate Governance and Internal Control (continued)**

##### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that have been in place for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts. The Corporation regularly reviews this process.

##### *The risk and control framework*

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body.
- Regular reviews by the governing body of periodic and annual financial reports, which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

Barnsley College has an internal audit service, which operates in accordance with the requirements of the ESFA Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the internal audit provider provides the governing body with a report on internal audit activity in the College. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

##### *Risks faced by the corporation*

The corporation reviews the Board Assurance Framework (BAF) at board meetings on a quarterly basis, with additional monitoring at the Audit Committee. The BAF identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks and covers assurance gained. Furthermore, all corporation reports are assessed against risk criteria.

An assessment of the principal risks facing the College are headlined below; a summary of these risks can be found within the strategic report pages 15-19.

- Protecting tertiary status
- Compliance with the rules of regulatory, funding, and legal bodies
- IT disaster recovery and response
- Servicing of debt and financial stability
- Quality
- Student recruitment
- Apprenticeship income
- COVID-19

## **Barnsley College**

Financial Statements

For the year ended 31 July 2022

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### **Statement of Corporate Governance and Internal Control (continued)**

#### **Control weaknesses identified**

The College retains an internal audit service to audit its systems of internal control. The 2021/22 internal audit plan was developed with clear links to the College's Board Assurance Framework. The College senior managers agreed all the recommendations made by the Internal Audit Service to improve controls and the follow-up audit confirmed that the College has made good progress in implementing the actions agreed.

During the year an external ESFA audit was concluded stating 'satisfactory opinion on the use of funds'.

Internal controls in relation to funding have been strengthened and additional resources were recruited to enable internal audits to be carried out monthly.

There have not been any significant internal control weaknesses identified during 2021/22 and up to the date of signing.

#### **Responsibilities under the funding agreement**

The Corporation keeps under review compliance with ESFA and other devolved authority grant funding agreements and contracts ensuring that funding is used for the purposes given or generated. The Corporations also receives reports on specific conditions of grants such as capital grants for Sci-Tech. The Corporation ensures that the College makes key returns to the ESFA accurately and on time, including the Financial Statement and Finance Record in February and the Financial Plan in July 2022. The programme of internal audit tests includes a risk-based approach to testing compliance with funding agreements.

Statement of Corporate Governance and Internal Control (continued)

#### **Statement from the audit committee**

The audit committee has advised the board of governors that the corporation has an adequate and effective framework for risk management, governance and internal control. However, their work has identified further enhancements to the framework of risk management, governance ad internal control to ensure that it remains adequate ad effective. The specific areas of work undertaken by the audit committee in 2021/22 are:

- A Curriculum Development and Management review. This audit provides substantial assurance with no recommendations.
- A Safeguarding and Prevent review which provided substantial assurance with two low actions agreed.
- A Higher Education in Further Education – compliance arrangements review which provided substantial assurance with one medium action agreed.
- A Cyber Security Review which provided substantial assurance which identified one low and one medium action,
- A Budget Monitoring review which provided substantial assurance with one low action agreed.
- A Mental Health and Wellbeing Review which provided reasonable assurance with five low and one medium action agreed.
- A Project Management which gave partial assurance with one high action.

## **Barnsley College**

### **Financial Statements**

**For the year ended 31 July 2022**

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#### **Statement of Corporate Governance and Internal Control (continued)**

- The financial statements and regularity audit scope and objectives were agreed by the committee. The committee also received the self-assessment questionnaires. The committee were satisfied with the statements and evidence provided to support the preparation and completion of the financial statements.
- A review of the 2022/22 fraud register through the annual fraud report.

#### *Review of effectiveness*

As Accounting Officer, the Principal 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 in their management letters and other reports.

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its Board meeting on 12 December 2022, the

Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Senior Leadership Team and internal audit and taking account of events since 31 July 2022.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective assurance 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 Corporate body and the safeguarding their assets" and has met its contractual responsibilities under its funding agreements and contracts with its funding bodies including the ESFA.

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by

Simon Perryman

**Simon Perryman**

**Chair of Governors**

21/12/2022

Yiannis Kouris

**Yiannis Kouris**

**Accounting Officer**

21/12/2022

**Barnsley College**  
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For the year ended 31 July 2022

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**Statement on the College's regularity, propriety and compliance**

As Accounting Officer I confirm that the corporation has had due regard to 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 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 terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

I confirm that the following instances of material irregularity, impropriety, or funding non-compliance have been discovered and have been notified to ESFA. If any further instances are identified after the date of this statement, these will be notified to ESFA:

During the year the Corporation entered into an expenditure contract over the £100k Board approval and delegated authority limit. The Corporation diverted from its standard procurement and approval practices on this contract which constitutes material irregularity. The Corporation considered and approved the contract including the diversion from standard procurement practice in advance of the contract start date. However, this was after the contract had been entered into. The contract is for essential expenditure and provides value for money. I confirm on behalf of the Corporation there is no impropriety in relation to this contract.

*Yiannis Kourisis*

**Yiannis Kourisis**  
Accounting officer  
21/12/2022

**Statement of the Chair of Governors**

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.

*Simon Perryman*

**Simon Perryman**  
Chair of Governors  
21/12/2022

## **Barnsley College**

Financial Statements

For the year ended 31 July 2022

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### **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 with the 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 gives a true and fair view of the state of affairs of the Corporation and its surplus/deficit of income over the expenditure for the period.

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 *Members' Report*, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the 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 the relevant legislation including the Further & 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 the assets of the College and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website(s); 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.

**Barnsley College**  
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For the year ended 31 July 2022

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:

*Simon Perryman*

**Simon Perryman**  
Chair

21/12/2022

## **Independent auditor's report to the Corporation of Barnsley College**

### **Opinion**

We have audited the financial statements of Barnsley College (the 'parent corporation') and its subsidiaries (the 'group) for the year ended 31 July 2022, which comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheets, Consolidated Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent corporation's affairs as at 31 July 2022 and of the group's surplus of income over expenditure and of the parent corporation's surplus of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education as issued in October 2018 and any subsequent amendments.

### **Basis for opinion**

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

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

We are responsible for concluding on the appropriateness of the Corporation's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent corporation to cease to continue as a going concern.

In our evaluation of the Corporation's conclusions, we considered the inherent risks associated with the group's and the parent corporation's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Corporation and the related disclosures and analysed how those risks might affect the group's and the parent corporation's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the Corporation with respect to going concern are described in the 'Responsibilities of the Members of the Corporation for the financial statements' section of this report.

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Office for Students ('OfS') accounts direction (issued October 2019)**

In our opinion, in all material respects:

- funds from whatever source administered by the parent corporation for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, the Education & Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS accounts direction (issued October 2019) 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 2021 to 2022 issued by the Education & Skills Funding Agency requires us to report to you if, in our opinion:

- the parent corporation has not kept adequate accounting records; or
- the group and parent corporation's annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the group and parent corporation's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

### **Responsibilities of the Members of the Corporation for the financial statements**

As explained more fully in the statement of responsibilities of the Members of the Corporation set out on page 34, the Members of the Corporation are 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 Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members of the Corporation are responsible for assessing the group's and parent corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members of the Corporation either intends to liquidate the group or parent corporation or to cease operations, or has no realistic alternative but to do so.

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

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

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent corporation, and the sector in which it operates. We determined that the following laws and regulations were most significant;
  - financial reporting legislation (FEHE SORP 2019, United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Colleges accounts direction 2021 to 2022 and the OfS Accounts Direction (October 2019));
  - regulatory environment (including the ESFA funding rules 2021 to 2022 and the OfS; framework and relevant OfS regulatory notices)
  - Further and Higher Education Act 1992; and
  - The Code of Good Governance for English Colleges.

The engagement team remained alert to any indications of fraud and non-compliance with laws and regulations throughout the audit;

- We understood how the group and parent corporation is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit Committee, and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
  - The group and parent corporation's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and

- The group and parent corporation's control environment including the adequacy of procedures for authorisation of transactions
- We assessed the susceptibility of the group and parent corporation's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the group and parent corporation operates in, its understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

### **Use of our report**

This report is made solely to the Members of the Corporation, as a body, in accordance with the terms of our engagement letter dated 15 September 2022. Our audit work has been undertaken so that we might state to the Members of the Corporation those matters we are required to state to it 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 corporation and the Members of the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

21/12/2022

## **Reporting accountant's assurance report on regularity**

### **To the corporation of Barnsley College and Secretary of State for Education acting through Education and Skills Funding Agency ('ESFA')**

In accordance with the terms of our engagement letter dated 15 September 2022 and further to the requirements and conditions of funding in 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 that, in all material respects, the expenditure disbursed and income received by the Corporation of Barnsley College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

### **Respective responsibilities of Barnsley College and the reporting accountant**

The Corporation of Barnsley College is responsible, under the requirements of the Further and 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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by 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 our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the Corporation's activities.
- Evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management.
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the Regularity self-assessment questionnaire (RSAQ).
- Limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the RSAQ.

## Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Matter 1:** As reported on page 32 in the Statement on the College's regularity, propriety and compliance, the Corporation diverted from its standard procurement and approval practices when entering into an expenditure contract in the year above its Board approval limit of £100k. In accordance with the Code, we have determined that the failure of internal controls in this instance constitutes a material irregularity

## Use of our report

This report is made solely to the Corporation of Barnsley 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 Corporation of Barnsley College and the ESFA those matters we are required to state in a limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Barnsley College, as a body, and the ESFA, as a body, for our work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP  
Chartered Accountants  
Leeds  
21/12/2022

**Barnsley College**  
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**Consolidated and College Statement of Comprehensive Income**

	Notes	Year ended 31 July		Year ended 31 July	
		2022	2021	Group £'000	College £'000
<b>Income</b>					
Funding body grants	2	37,452	37,035	41,799	41,050
Tuition fees and education contracts	4	5,771	5,203	4,961	4,646
Other grants and contracts	5	-	-	31	-
Other income	6	1,651	1,592	701	366
Investment income	7	13	13	-	-
<b>Total income</b>		<b>44,887</b>	<b>43,843</b>	<b>47,492</b>	<b>46,062</b>
<b>Expenditure</b>					
Staff costs	8	27,811	27,088	27,430	26,677
Other operating expenses	9	12,874	12,530	10,247	9,630
Depreciation and impairment	12	6,438	6,426	5,760	5,739
Interest and other finance costs	10	1,235	1,229	1,272	1,262
<b>Total expenditure</b>		<b>48,358</b>	<b>47,273</b>	<b>44,709</b>	<b>43,308</b>
<b>(Deficit)/surplus before other gains and losses</b>		<b>(3,471)</b>	<b>(3,430)</b>	<b>2,783</b>	<b>2,754</b>
(Loss)/profit on disposal of assets		(19)	(19)	-	-
<b>(Deficit)/surplus before tax</b>		<b>(3,490)</b>	<b>(3,449)</b>	<b>2,783</b>	<b>2,754</b>
Taxation	11	-	-	(4)	(3)
<b>(Deficit)/surplus for the year</b>		<b>(3,490)</b>	<b>(3,449)</b>	<b>2,779</b>	<b>2,751</b>
Actuarial gain in respect of pensions schemes	25	24,653	24,210	4,231	3,976
Restriction of actuarial surplus	25	(111)	-	-	-
<b>Total Comprehensive Income for the year</b>		<b>21,052</b>	<b>20,761</b>	<b>7,010</b>	<b>6,727</b>

**Barnsley College**  
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**Consolidated and College Statement of Changes in Reserves**

	Income and Expenditure account	Restricted Reserve	Total
	£'000	£'000	£'000
<b>Consolidated</b>			
<b>Balance at 1 August 2020</b>	47,494	-	47,494
Surplus from the income and expenditure account	2,779	-	2,779
Other comprehensive income	4,231	-	4,231
<b>Total comprehensive income for the year</b>	<b>7,010</b>	<b>-</b>	<b>7,010</b>
<b>Balance at 31 July 2021</b>	<b>54,504</b>	<b>-</b>	<b>54,504</b>
(Deficit) from the income and expenditure account	(3,490)	-	(3,490)
Other comprehensive income	24,542	-	24,542
<b>Total comprehensive income for the year</b>	<b>21,052</b>	<b>-</b>	<b>21,052</b>
<b>Balance at 31 July 2022</b>	<b>75,556</b>	<b>-</b>	<b>75,556</b>
 <b>College</b>			
<b>Balance at 1 August 2020</b>	47,842	-	47,842
Surplus from the income and expenditure account	2,751	-	2,751
Other comprehensive income	3,976	-	3,976
<b>Total comprehensive income for the year</b>	<b>6,727</b>	<b>-</b>	<b>6,727</b>
<b>Balance at 31 July 2021</b>	<b>54,569</b>	<b>-</b>	<b>54,569</b>
(Deficit) from the income and expenditure account	(3,449)	-	(3,449)
Other comprehensive income	24,210	-	24,210
<b>Total comprehensive income for the year</b>	<b>20,761</b>	<b>-</b>	<b>20,761</b>
<b>Balance at 31 July 2022</b>	<b>75,330</b>	<b>-</b>	<b>75,330</b>

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**Consolidated and College Balance Sheets as at 31 July 22**

	Notes	Group	College	Group	College
		2022 £'000	2022 £'000	2021 £'000	2021 £'000
<b>Non current assets</b>					
Tangible Fixed assets	12	89,785	89,838	92,211	92,252
Investments	13	-	-	-	-
		<b>89,785</b>	<b>89,838</b>	<b>92,211</b>	<b>92,252</b>
<b>Debtors – amounts falling due over one</b>	14	-	-	<b>54</b>	<b>54</b>
<b>Current assets</b>					
Stocks		93	93	68	68
Trade and other receivables	14	3,784	3,033	2,739	2,419
Cash and cash equivalents	19	9,756	8,986	10,496	9,450
		<b>13,633</b>	<b>12,112</b>	<b>13,303</b>	<b>11,937</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	(9,092)	(8,774)	(8,484)	(8,351)
<b>Net current assets</b>		<b>4,541</b>	<b>3,338</b>	<b>4,819</b>	<b>3,586</b>
<b>Total assets less current liabilities</b>		<b>94,326</b>	<b>93,176</b>	<b>97,084</b>	<b>95,892</b>
Creditors – amounts falling due after more than one year	16	(13,974)	(13,974)	(15,278)	(15,278)
<b>Provisions</b>					
Defined benefit obligations	18	(2,046)	(2,046)	(24,177)	(23,855)
Other provisions	18	(2,750)	(1,826)	(3,125)	(2,190)
<b>Total net assets</b>		<b>75,556</b>	<b>75,330</b>	<b>54,504</b>	<b>54,569</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		75,556	75,280	54,504	54,569
Restricted reserve		-	-	-	-
<b>Total reserves</b>		<b>75,556</b>	<b>75,330</b>	<b>54,504</b>	<b>54,569</b>

The financial statements on pages 41-72 were approved and authorised for issue by the Corporation on 12 December 2022 and were signed on its behalf on that date by:

Simon Perryman

Simon Perryman

Chair

21/12/2022

Yiannis Koursis

Yiannis Koursis

Accounting Officer

21/12/2022

**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2022

**Consolidated Statement of Cash Flows**

	Notes	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>			
(Deficit)/surplus for the year		(3,490)	2,783
<b>Adjustment for non-cash items</b>			
Depreciation		6,438	5,760
Release of deferred capital grants		(1,582)	(6,360)
Increase in stocks		(25)	52
Increase in debtors		(1,036)	(329)
Increase in creditors due within one year		349	3,073
Decrease in provisions		(411)	(145)
Pensions costs less contributions payable		2,008	1,782
<b>Adjustment for investing or financing activities</b>			
Investment income		(13)	-
Interest payable		1,235	1,272
Loss on sale of fixed assets		19	-
<b>Net cash flow from operating activities</b>		<u>3,492</u>	<u>7,888</u>
<b>Cash flows from investing activities</b>			
Investment income		13	-
Payments made to acquire fixed assets		(2,000)	(2,104)
		<u>(1,987)</u>	<u>(2,104)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(787)	(843)
Interest element of finance lease rental payments		(10)	(22)
Repayments of amounts borrowed		(1,213)	(1,183)
Capital element of finance lease rental payments		(235)	(229)
		<u>(2,245)</u>	<u>(2,277)</u>
<b>(Decrease)/increase in cash and cash equivalents in the</b>		<u>(740)</u>	<u>3,507</u>
 Cash and cash equivalents at beginning of the year	19	10,496	6,989
 Cash and cash equivalents at end of the year	19	9,756	10,496

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Notes to the Financial Statements**

##### **Statement of accounting policies and estimation techniques**

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

##### **Basis of preparation**

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021 to 2022* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The financial statements are presented in Sterling (£), which is the functional currency.

##### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, as modified by the use of previous valuations as deemed cost for certain non-current assets at the transition to FRS 102 date.

##### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiaries, Independent Training Services Limited, Smartstyle Technology Training Limited, Barnsley College Development Company Limited and Think Barnsley Limited, controlled by the Group. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2022. In accordance with FRS102, the activities of the student union have not been consolidated, as the College does not control them.

##### **Going concern**

After making appropriate enquiries and considering forecasts on the College and its subsidiaries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. The going concern assessment considered the College financial operating forecasts to July 2024 and cash flow forecasts. It also tested the mitigations in place against a critical scenario with a loss of £4m income (9% of total forecast income 2022/23) that leads to a breach in bank covenants. This would be an extreme scenario for the College and the extent to which this impacts upon the financial targets, cash flow and bank covenants is manageable; the Corporation is confident it has appropriate mitigations in place to reduce the likelihood. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College will set an EBITDA budget of £4m for 2022/24. The business-planning model is well established and delivers a budget that is prudent, achievable, and risk-managed. There is a high level of competency in financial management across the College. Historically the College has outperformed its budget.

Cash flow forecast projections indicate the College has sufficient cash until at least July 2024. The lowest cash balances are in March 2023 and March 2024 as is normal in the sector. The March 2023 balance is forecast at £4.1m and March 2024 at £2.5m.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Notes to the Financial Statements (continued)**

College forecasts indicate that all bank covenants will be met until at least July 2024. The College has sufficient headroom in its bank covenants to withstand a level of financial disruption. The testing identified a critical scenario leading to a breach in bank covenants. The College's internal control processes include existing mitigations against the impact and likelihood of the scenario. However, the College can also call on other measures where needed, including restricting expenditure and placing staff recruitment on hold to reduce in-year costs and to protect College cash reserves. At November 2022, the College has unfilled vacancies amounting to £2m.

There is also flexibility in the College capital investment plan. The cash flow forecast assumes the total capital expenditure of £9.6m from December 2022 to July 2024. Of this £3.5m is committed to projects and other non-cancellable commitments leaving £6.1m left that can be withdrawn if required.

In these instances, the College would minimise the extent of the breach and enter into early dialogue with the bank.

The College will continue to monitor and respond to the risks of operating with COVID-19. The College has continued to operate as close to business as usual and does not believe that COVID-19 will have an impact on the College remaining a going concern. The volatility of the current macro-economic climate is a risk to the college and the sector. The college operates a robust business planning and performance review process which is ongoing throughout the year, so where plans and assumptions are not in line with the financial plan these can quickly be identified and mitigated.

The College financial forecasts are prepared on a prudent basis. The operating forecasts and the cash flow forecasts until July 2024 provide assurance the College has adequate resources until at least that date. The reverse stress testing of bank covenants provide additional evidence to support that conclusion. The College has robust business continuity plans, risk management and financial management processes and so is well placed to respond to future uncertainty in a timely manner. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has considered the financial position of its subsidiaries and concludes that Independent Training Services Limited and Smartstyle Technology Training Limited are reliant on the College for financial support. The College has assessed whether it has the resources to provide this support and has concluded it does. The College has confirmed its continued financial support for both entities until at least July 2024.

The Corporation is confident it has appropriate mitigations in place to reduce the likelihood and impact of the critical scenario tested.

**Recognition of income****Revenue grant funding**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals 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 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. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Notes to the Financial Statements (continued)**

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

All support grant allocations and subsequent expenditure has been included in the Statement of Comprehensive Income.

Where part of the 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 the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

#### **Capital grant funding**

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

#### **Fee income**

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

#### **Investment income**

All income from short-term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

#### **Accounting for post-employment benefits**

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

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

#### **South Yorkshire Local Government Pension Scheme (LGPS)**

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Notes to the Financial Statements (continued)**

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 actuarial gains and losses in Other Comprehensive Income.

**Short-term Employment benefits**

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

**Enhanced Pensions**

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

**Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where components of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

**Land and buildings**

Land and buildings acquired since incorporation are included in the balance sheet at cost or deemed cost on transition. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of between 10, 20 and 50 years.

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

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.

**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 2022. They are not depreciated until they are brought into use.

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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#### **Notes to the Financial Statements (continued)**

##### **Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

##### **Equipment**

Equipment costing less than £1,000 per individual item (£150 in respect of electrical equipment) is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight-line basis over its remaining useful economic life to the College of between one and ten years. All other capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Motor vehicles and general equipment 3 years
- Computer equipment 3 years
- Furniture and Fittings 5 to 20 years

Software costing more than £10,000 is capitalised at cost and depreciated on a straight-line basis over its useful economic life between three and seven 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 the fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

##### **Borrowing costs**

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

##### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income. Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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

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

##### **Investments**

###### **Investments in subsidiaries**

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

## **Barnsley College**

### Financial Statements

For the year ended 31 July 2022

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### **Notes to the Financial Statements (continued)**

#### **Inventories**

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

#### **Financial liabilities and equity**

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

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

#### **Taxation**

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

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover circa 2% of the VAT charged on its inputs. All 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, with any partial recovery netted off against these figures.

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

#### **Provisions and contingent liabilities**

Provisions are recognised when

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

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

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

**Barnsley College**  
Financial Statements  
For the year ended 31 July 2022

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**Notes to the Financial Statements (continued)**

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

**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.

**Key accounting judgements and estimates**

**Judgements in applying accounting policies and key sources of estimation uncertainty**  
**Notes to the Financial Statements (continued)**

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

**Impairment**

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

The college undertakes an annual review for impairment indicators, and where indicators are identified then judgment is applied in determining whether an impairment is required. For the year ending 31 July 2022 the motor vehicle building was impaired by £1m. The Belle Vue site is currently not in use and was impaired in 2019/20.

**Other key sources of estimation uncertainty**

**Cost of remedial works**

The cost of remedial works required to the Old Mill Lane building are included in the accounts of Barnsley College Development Company Limited and hence the Group. The cost of the work required is uncertain however a provision has been made based on the directors' best estimate of the costs expected to be incurred, which includes assessments made by third party experts. The provision at 31 July 2022 was £923k (2020/21: £934k).

**Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2022

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**Notes to the Financial Statements (continued)**

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	3,008	3,011	3,091	2,876
Education and Skills Funding Agency - 16-18	27,245	27,245	26,910	26,910
Education and Skills Funding Agency - 14-16	214	214	353	353
Education and Skills Funding Agency - Office for students	4,566	4,146	3,926	3,531
	144	144	273	273
<b>Specific grants</b>				
Education and Skills Funding Agency - provider relief scheme	-	-	139	-
Teacher Pension Scheme contribution grant	693	693	747	747
Release of capital grants	1,582	1,582	6,360	6,360
<b>Total</b>	<b>37,452</b>	<b>37,035</b>	<b>41,799</b>	<b>41,050</b>

Under the provider relief scheme, the corporation received funding of £139k from the ESFA in 20/2021; no funds were received in 2021/22.

3 Grant and fee income	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Grant and fee income</b>				
Grant and fee income from the Office for Students	144	144	273	273
Fee income for taught awards (exclusive of VAT)	1,676	1,676	1,845	1,845
Fee income for non-qualifying courses	465	381	500	500
<b>Total</b>	<b>2,285</b>	<b>2,201</b>	<b>2,618</b>	<b>2,618</b>

**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2022

**Notes to the Financial Statements (continued)**

**4 Tuition fees and education contracts**

	Year ended 31		Year ended 31	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	239	239	169	169
Apprenticeship fees and contracts	50	29	42	34
Fees for FE loan supported courses	461	380	526	500
Fees for HE loan supported courses	1,676	1,676	1,845	1,845
Total tuition fees	2,426	2,324	2,582	2,548
Education contracts	3,345	2,879	2,379	2,098
<b>Total</b>	<b>5,771</b>	<b>5,203</b>	<b>4,961</b>	<b>4,646</b>

**5 Other grants and contracts**

	Year ended 31		Year ended 31	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Coronavirus Job Retention Scheme grant	-	-	31	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>

**6 Other income**

	Year ended 31		Year ended 31	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	821	821	143	143
Other income generating activities	344	285	114	71
Farming activities	25	25	10	10
Gift aid from subsidiary	-	-	-	113
Miscellaneous income	461	461	434	29
<b>Total</b>	<b>1,651</b>	<b>1,592</b>	<b>701</b>	<b>366</b>

**7 Investment income**

	Year ended 31		Year ended 31	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	13	13	-	-
<b>Total</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>-</b>

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Notes to the Financial Statements (continued)****8 Staff costs**

The average number of persons (including key management personnel) employed by the College during the year was:

	2022 Group	2022 College	2021 Group	2021 College
	No.	No.	No.	No.
Teaching staff	348	336	380	366
Non-teaching staff	524	515	495	484
	<b>872</b>	<b>851</b>	<b>875</b>	<b>850</b>

**Staff costs for the above persons**

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Wages and salaries	20,530	19,906	20,193	19,525
Social security costs	1,849	1,787	1,700	1,645
Other pension costs	5,432	5,395	5,537	5,507
<b>Total staff costs</b>	<b>27,811</b>	<b>27,088</b>	<b>27,430</b>	<b>26,677</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the College. They encompass the Executive who through their weekly meetings direct the strategic direction of the College. The key management personnel are listed on page 3.

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

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

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	<b>8</b>	<b>11</b>

**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2022

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**Notes to the Financial Statements (continued)**

The 2021 key management personnel count staff leaving and joining the organisation. The number of key management personnel posts is 8 (2020/21: 11).

The number of key management personnel and other staff who received annual emoluments over £60,000, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2022	2021	2022	2021
	No.	No.	No.	No.
£15,001 to £20,000 p.a.	-	1	-	-
£20,001 to £25,000 p.a.	-	1	-	-
£25,001 to £30,000 p.a.	-	1	-	-
£40,001 to £45,000 p.a.	-	1	-	-
£45,001 to £50,000 p.a.	-	1	-	-
£80,001 to £85,000 p.a.	-	2	-	-
£85,001 to £90,000 p.a.	2	-	-	-
£90,001 to £95,000 p.a.	1	1	-	-
£95,001 to £100,000 p.a.	2	1	-	-
£100,001 to £105,000 p.a.	2	1	-	-
£160,001 to £165,000 p.a.	-	1	-	-
£175,001 to £180,000 p.a.	1	-	-	-
	<hr/> <b>8</b> <hr/>	<hr/> <b>11</b> <hr/>	<hr/> -	<hr/> -

The values below the £60,000 banding are pro-rata values for staff that left in year.

The number of staff with a full time equivalent basic salary over £100k is included in the table below.

Basic pay only	Number of staff	
	2022	2021
	No.	No.
£155,001 to £160,000 p.a.	-	1
£160,001 to £165,000 p.a.	<b>1</b>	-
	<hr/> <b>1</b> <hr/>	<hr/> <b>1</b> <hr/>

**Barnsley College**  
 Financial Statements  
 For the year ended 31 July 2022

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**Notes to the Financial Statements (continued)**

The number of staff with a full time equivalent total emoluments over £100k is included in the table below. The bandings do not include employer's national insurance costs.

<b>Total emoluments</b>	<b>Number of staff</b>	
	<b>2022</b> <b>No.</b>	<b>2021</b> <b>No.</b>
£100,001 to £105,000 p.a.	2	1
£160,001 to £165,000 p.a.	-	1
£175,001 to £180,000 p.a.	1	-
	<b>3</b>	<b>2</b>

The salary is determined at the July year-end. This does not include staff who joined or left during the year.

Key management personnel emoluments are made up as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Salaries – gross of salary sacrifice and waived emoluments	849	779
Employers National Insurance	111	98
	<b>960</b>	<b>877</b>
Pension contributions	141	137
<b>Total emoluments</b>	<b>1,101</b>	<b>1,014</b>

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer.

Their pay and remuneration is as follow:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Salaries – gross of salary sacrifice and waived emoluments	178	165
Employers National Insurance	24	21
	<b>202</b>	<b>186</b>
Pension contributions	38	39
<b>Total emoluments</b>	<b>240</b>	<b>225</b>

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**Notes to the Financial Statements (continued)**

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

	2022	2021
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	6.8	6.8
Principal and CEO's total remuneration as a multiple of the median of all staff	9.0	8.6

The above excludes agency costs.

**Compensation for loss of office paid to former key management personnel**

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. There was no compensation or loss of office paid to key management personnel.

**9 Other operating expenses**

	2022	2021	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,821	3,984	3,290	2,879
Non-teaching costs	6,612	6,250	4,941	4,819
Premises costs	2,441	2,296	2,016	1,932
<b>Total</b>	<b>12,874</b>	<b>12,530</b>	<b>10,247</b>	<b>9,630</b>

<b>Other operating expenses include:</b>	<b>2022</b>	<b>2021</b>
	£'000	£'000
Auditors' remuneration:		
Internal audit	44	27
Financial statements audit – college and group	51	47
Financial statements audit - subsidiaries	21	19
Other services provided by the financial statements' auditor -		
taxation compliance	10	8
taxation advisory	4	-
other assurance services	-	2
Hire of assets under operating leases	<u>74</u>	<u>149</u>

All fees are exclusive of VAT

**Barnsley College**  
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**Notes to the Financial Statements (continued)**

**10 Interest and other finance costs**

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans	787	843
On finance leases	10	22
Net interest on defined pension liability (note 25)	438	407
<b>Total</b>	<b>1,235</b>	<b>1,272</b>

<b>College</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans	787	842
On finance leases	10	22
Net interest on defined pension liability (note 25)	432	398
<b>Total</b>	<b>1,229</b>	<b>1,262</b>

**11 Taxation**

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Prior period tax charge	-	4
<b>Total</b>	<b>-</b>	<b>4</b>

<b>College</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Prior period tax charge	-	3
<b>Total</b>	<b>-</b>	<b>3</b>

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**Notes to the Financial Statements (continued)**

**12 Fixed Assets**

Group	Freehold Land and buildings	Assets under construction	Equipment	Furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	107,872	497	9,476	13,942	131,787
Additions	630	2,231	1,040	130	4,031
Transfers	1,926	(2,592)	13	653	-
Disposals	(8,308)	-	(4,915)	(3,206)	(16,429)
<b>At 31 July 2022</b>	<b>102,120</b>	<b>136</b>	<b>5,614</b>	<b>11,519</b>	<b>119,389</b>

**Depreciation**

At 1 August 2021	23,659	-	7,336	8,581	39,576
Charge for the year	2,850	-	1,408	1,144	5,402
Impairment	1,036	-	-	-	1,036
Elimination in respect of disposals	(8,304)	-	(4,901)	(3,205)	(16,410)
<b>At 31 July 2022</b>	<b>19,241</b>	<b>-</b>	<b>3,843</b>	<b>6,520</b>	<b>29,604</b>
<b>Net book value at 31 July 2022</b>	<b>82,879</b>	<b>136</b>	<b>1,771</b>	<b>4,999</b>	<b>89,785</b>
Net book value at 31 July 2021	84,213	497	2,140	5,361	92,211

**College**

College	Freehold Land and buildings	Assets under construction	Equipment	Furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	107,926	497	9,205	13,658	131,286
Additions	630	2,231	1,040	130	4,031
Transfers	1,926	(2,592)	13	653	-
Disposals	(8,308)	-	(4,642)	(2,952)	(15,902)
<b>At 31 July 2022</b>	<b>102,174</b>	<b>136</b>	<b>5,616</b>	<b>11,489</b>	<b>119,415</b>

**Depreciation**

At 1 August 2021	23,658	-	7,071	8,305	39,034
Charge for the year	2,851	-	1,389	1,150	5,390
Impairment	1,036	-	-	-	1,036
Elimination in respect of disposals	(8,304)	-	(4,628)	(2,951)	(15,883)
<b>At 31 July 2022</b>	<b>19,241</b>	<b>-</b>	<b>3,832</b>	<b>6,504</b>	<b>29,577</b>
<b>Net book value at 31 July 2022</b>	<b>82,933</b>	<b>136</b>	<b>1,784</b>	<b>4,985</b>	<b>89,838</b>
Net book value at 31 July 2021	84,268	497	2,134	5,353	92,252

**Barnsley College**

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For the year ended 31 July 2022

**Notes to the Financial Statements (continued)**

At 1 August 2014, two buildings were revalued as part of the FRS 102 transition. The buildings included within fixed assets were revalued at £9.2m. Building valuations were carried out by a RICS surveyor and are based on depreciated replacement cost.

If inherited land and buildings had not been revalued before being deemed as cost on transition, they would have been included at the following historical cost amounts:

	<b>£'000</b>
Cost	7,276
Aggregate depreciation based on cost	4,008
<b>Net book value based on cost</b>	<b><u>3,268</u></b>

Land and buildings includes land valued at £1.8m that is not depreciated.

The net book value of equipment includes an amount of £49k (2020/21 – £123k) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £74k (2020/21 – £74k).

The disposals in year were because of the college's routine fixed asset audit.

**13 Non-current investments**

	College 2022	College 2021
	£	£
Investments in subsidiary companies	101	101
<b>Total</b>	<b><u>101</u></b>	<b><u>101</u></b>

The College owns 100 per cent of the issued ordinary £1 shares of Barnsley College Development Company Limited, a company incorporated in England and Wales. The principal business of Barnsley College Development Company Limited is property development.

The College appoints the Directors of Think Barnsley, a limited company by guarantee and incorporated in England and Wales and is therefore considered to exercise control. The principal business of the company is to provide employment opportunities for apprentices.

The College owns the charity Independent Training Services Limited (ITS) and ITS owns 100 per cent of the issued ordinary shares of Smartstyle Technology Training Limited. The principal business of Independent Training Services Limited and Smartstyle Technology Training Limited is educational training.

**Barnsley College**  
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**Notes to the Financial Statements (continued)**

**14 Trade and other receivables**

	<b>Group</b> <b>2022</b> <b>£'000</b>	<b>College</b> <b>2022</b> <b>£'000</b>	<b>Group</b> <b>2021</b> <b>£'000</b>	<b>College</b> <b>2021</b> <b>£'000</b>
Amounts falling due over one year:	-	-	-	-
Amounts due from Sheffield City Region LEP	-	-	54	54
<b>Total</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>54</b>
Amounts falling due within one year:				
Trade receivables	1,262	903	1,094	969
Prepayments and accrued income	1,766	1,376	641	586
Other debtors	388	316	501	501
Amounts due from subsidiaries	-	77	-	12
Amounts owed by the ESFA	368	361	503	351
<b>Total</b>	<b>3,784</b>	<b>3,033</b>	<b>2,739</b>	<b>2,419</b>

**15 Creditors: amounts falling due within one year**

	<b>Group</b> <b>2022</b> <b>£'000</b>	<b>College</b> <b>2022</b> <b>£'000</b>	<b>Group</b> <b>2021</b> <b>£'000</b>	<b>College</b> <b>2021</b> <b>£'000</b>
Bank loans and overdrafts	1,245	1,245	1,213	1,213
Obligations under finance leases	63	63	235	235
Trade payables	2,258	1,743	863	798
Amounts owed to subsidiaries	-	245	-	-
Other taxation and social security	455	471	478	459
Accruals and deferred income	3,960	3,896	4,389	4,340
Deferred income – government capital grants	549	549	513	513
Amounts owed to the ESFA	562	562	793	793
<b>Total</b>	<b>9,092</b>	<b>8,774</b>	<b>8,484</b>	<b>8,351</b>

**16 Creditors: amounts falling due after one year**

	<b>Group</b> <b>2022</b> <b>£'000</b>	<b>College</b> <b>2022</b> <b>£'000</b>	<b>Group</b> <b>2021</b> <b>£'000</b>	<b>College</b> <b>2021</b> <b>£'000</b>
Bank loans	13,909	13,909	15,154	15,154
Obligations under finance leases	-	-	63	63
Deferred income – government capital grants	65	65	61	61
<b>Total</b>	<b>13,974</b>	<b>13,974</b>	<b>15,278</b>	<b>15,278</b>

**Barnsley College**

## Financial Statements

For the year ended 31 July 2022

**Notes to the Financial Statements (continued)****17 Maturity of debt****(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	1,245	1,245	1,213	1,213
Between one and two years	1,279	1,279	1,183	1,183
Between two and five years	4,066	4,066	3,737	3,737
In five years or more	8,564	8,564	10,234	10,234
<b>Total</b>	<b>15,154</b>	<b>15,154</b>	<b>16,367</b>	<b>16,367</b>

The College has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2022 was £4,031k. The full amount of the initial loan was £9,000k of which £8,474k attracted interest at a fixed rate of 6.27% per annum and the balance of £576k attracted interest at a floating rate of 1.8% above the bank's base rate. The £9,000k loan is repayable by instalments ending June 2028 and is secured by fixed charges on certain freehold buildings. Following the approval of new debt to finance a new Sixth Form College Barclays Bank increased their margin to 1.8% until July 2016 1.9% until July 2018 and 2.0% thereafter.

The Santander loans are all unsecured, of which three are fixed and one is a variable rate loan. One fixed rate loan was for an initial amount of £3,128k. At the year-end, there was £2,312k outstanding on this loan at 4.46% until 2029. A further loan of £7,335k was acquired in May 2016, which converted to a fixed and variable loan. At the year-end, the balances of the loans were £2,711k on a further fixed term loan at a fixed interest rate of 4.81% until 2029 and £2,720k on a variable loan of at 1.80% above LIBOR until 2029. A loan with Santander for £4,440k is fixed at 4.82%. The balance of this loan at 31 July 2022 was £3,380k.

The repayments on all these loans are quarterly until 2029. The variable interest rate debt held by the College was impacted by the change from LIBOR to SONIA, with effect from 1 January 2022. The transition to SONIA is a change in the base rate of interest only and as such, on the basis of the available expedient under FRS 102, is not deemed to be a substantial debt modification. No other changes have been made to any debt facilities in the year.

All the loans are subject to covenants, all of which have been met for the financial year ended 31 July 2022.

**(b) Finance leases**

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

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	63	63	235	235
Between two and five years	-	-	63	63
<b>Total</b>	<b>63</b>	<b>63</b>	<b>298</b>	<b>298</b>

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

Financial instruments are all basic under the definitions in FRS102.

**Barnsley College**  
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**Notes to the Financial Statements (continued)**

**18 Provision for liabilities and charges**

	Defined benefit obligations £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2021	24,177	2,190	935	27,302
Impact of changes in assumptions	(24,542)	(399)	-	(24,941)
Expenditure in the period	(1,437)	-	(11)	(1,448)
Current Service Cost	3,445	-	-	3,445
Interest Cost	403	35	-	438
<b>At 31 July 2022</b>	<b>2,046</b>	<b>1,826</b>	<b>924</b>	<b>4,796</b>

Defined benefit obligations relate to the liabilities under the College'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 the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2022	2021
Price inflation	2.80%	2.60%
Discount rate	3.50%	1.60%

Other provisions relate to provisions held by Barnsley College Development Company Limited. It represents an estimate of the cost to the company in fulfilling its obligations under its design and build contract with the College. The extent of future works is to be determined and in the current climate, it is expected the works will not be undertaken within the next year.

**19 Cash and cash equivalents**

	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	10,496	(740)	-	9,756
<b>Total</b>	<b>10,496</b>	<b>(740)</b>	<b>-</b>	<b>9,756</b>

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**Notes to the Financial Statements (continued)**

**20 Analysis of net debt**

	At 1 August 2021	Cash flows	Other changes	At 31 July 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	10,496	(740)	-	9,756
Bank loans due within one year	(1,213)	1,213	(1,245)	(1,245)
Bank loans due greater than one year	(15,154)	-	1,245	(13,909)
Finance lease obligations	(298)	235	-	(63)
<b>Total</b>	<b>(6,169)</b>	<b>708</b>	<b>-</b>	<b>(5,461)</b>

**21 Capital and other commitments**

	Group and College	
	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	3,483	1,105

**22 Post Balance Sheet Event**

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector, which includes sixth form colleges, into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury.

**23 Lease obligations**

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

	Group 2022	College 2022	Group 2021	College 2021
	£'000	£'000	£'000	£'000
<b>Future minimum lease payments due</b>				
<b>Land and buildings</b>				
Not later than one year	80	50	112	79
Later than one year and not later than five years	54	54	81	73
Later than five years	996	996	1,077	1,077
	<b>1,130</b>	<b>1,100</b>	<b>1,270</b>	<b>1,229</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

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**Notes to the Financial Statements (continued)**

**Other**

Not later than one year	2	1	2	1
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total lease payments due</b>	<b>1,132</b>	<b>1,101</b>	<b>1,272</b>	<b>1,230</b>

**24 Financial assets and liabilities**

	2022	2021
	£'000	£'000
<b>Financial assets measured at amortised cost</b>	12,602	13,213
<b>Financial liabilities measured at amortised cost</b>	20,782	21,723

Financial assets and liabilities reflect contractual obligations to and from the College that will be settled in cash.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

**25 Defined benefit obligations**

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

<b>Total pension cost for the year</b>	<b>2022</b>	<b>2021</b>
	£'000	£'000
Teachers' Pension Scheme: contributions paid	3,052	2,051
Local Government Pension Scheme:		
Contributions paid	1,898	1,734
FRS 102 (28) charge	2,004	1,779
Charge to the Statement of Comprehensive Enhanced pension charge to Statement of Comprehensive Income	3,902 (365)	3,513 (76)
<b>Total Pension Cost for year within staff costs</b>	<b>3,537</b>	<b>3,437</b>

**Barnsley College**  
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**Notes to the Financial Statements (continued)**

Contributions amounting to £409k (2020/21 £397k) were payable to the schemes at 31 July and are included within creditors.

**Teachers' Pension Scheme**

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

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions, along with those made by the employer, and 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 definition set out in FRS102 (28.11) the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined contributions plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year.

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

The pension costs paid to TPS in the year amounted to £3,052,156 (2020/21: £2,051,000).

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**Notes to the Financial Statements (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by SYPF.

Unless disclosed separately the information in this note covers the college group.

The total contributions made for the year ended 31 July 2022 were £1,951,000, of which employer's contributions totalled £1,437,000 and employees' contributions totalled £515,000. The agreed contribution rates for future years 14.8% to March 2023, and expected to be 18.6% to March 2024, 20.1% to March 2025 and 21.6% to March 2026. For employers and range from 5.5% to 12.9% for employees, depending on salary.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

College	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	2.8%	2.6%
Future pensions increases	3.1%	2.6%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation assumption (CPI)	3.1%	2.6%

**ITS**

Rate of increase in salaries	2.8%	2.6%
Future pensions increases	3.1%	2.6%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation assumption (CPI)	3.2%	2.6%

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

	Group	College	Group	College
	At 31 July 2022	At 31 July 2022	At 31 July 2021	At 31 July 2021
	years	years	years	years
<i>Retiring today</i>				
Males	21.3	21.3	21.3	21.3
Females	24.3	24.3	24.3	24.3
<i>Retiring in 20 years</i>				
Males	21.8	21.8	21.8	21.8
Females	25.3	25.3	25.3	25.3

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**Notes to the Financial Statements (continued)**

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>Fair Value at 31 July 2022</b>	<b>Fair Value at 31 July 2022</b>	<b>Fair Value at 31 July 2021</b>	<b>Fair Value at 31 July 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equity instruments	43,487	42,000	29,576	28,531
Debt instruments	14,069	13,588	13,310	12,839
Property	5,756	5,559	5,423	5,231
Cash	640	618	1,109	1,070
Other	-	-	12,200	11,769
<b>Total fair value of plan assets</b>	<b>63,952</b>	<b>61,765</b>	<b>61,618</b>	<b>59,440</b>
<b>Weighted average expected long term rate of return as 31 July</b>	<b>2.7%</b>		<b>13.9%</b>	
<b>Actual return on plan assets</b>	<b>2,334</b>		<b>8,563</b>	

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

	<b>Group 2022</b>	<b>College 2022</b>	<b>Group 2021</b>	<b>College 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	63,952	61,765	61,618	83,295
Present value of plan liabilities	(65,887)	(63,811)	(85,795)	(59,440)
Restriction of surplus	(111)	-	-	-
<b>Net pensions liability</b>	<b>(2,046)</b>	<b>(2,046)</b>	<b>(24,177)</b>	<b>(23,855)</b>

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

	<b>Group 2022</b>	<b>College 2022</b>	<b>Group 2021</b>	<b>College 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>				
Current service cost	3,445	3,420	3,152	3,128
Administration expenses	-	-	41	41
<b>Total</b>	<b>3,445</b>	<b>3,420</b>	<b>3,193</b>	<b>3,169</b>

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**Notes to the Financial Statements (continued)**

**Amounts included in investment income**

	<b>Group 2022</b>	<b>College 2022</b>	<b>Group 2021</b>	<b>College 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net interest cost	403	397	407	398
<b>Total</b>	<b>403</b>	<b>397</b>	<b>407</b>	<b>398</b>

**Amount recognised in Other Comprehensive Income**

	<b>Group 2022</b>	<b>College 2022</b>	<b>Group 2021</b>	<b>College 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Changes in assumptions underlying the present value of plan liabilities	24,653	24,210	4,148	3,893
Restriction of surplus	(111)	-	-	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>24,542</b>	<b>24,210</b>	<b>4,148</b>	<b>3,893</b>

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

	<b>Group 2022</b>	<b>College 2022</b>	<b>Group 2021</b>	<b>College 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(24,177)	(23,855)	(26,136)	(25,571)
Movement in year:				
Current service cost	(3,445)	(3,420)	(3,152)	(3,128)
Administration expenses			(41)	(41)
Employer contributions	1,437	1,416	1,411	1,390
Net interest on the defined liability	(403)	(397)	(407)	(398)
Actuarial gain or loss	24,653	24,210	4,148	3,893
Restriction of surplus	(111)	-	-	-
<b>Net defined liability at 31 July</b>	<b>(2,046)</b>	<b>(2,046)</b>	<b>(24,177)</b>	<b>(23,855)</b>

**Asset and Liability Reconciliation**

	<b>Group 2022</b>	<b>College 2022</b>	<b>Group 2021</b>	<b>College 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Defined benefit obligations at start of period</b>	85,795	83,295	78,759	76,285
Current service cost	3,445	3,420	3,152	3,128
Interest cost	1,393	1,353	1,251	1,214
Contributions by Scheme participants	515	509	512	506
Experience gain	386	374	(1,588)	(1,536)
Changes in financial assumptions	(24,332)	(23,902)	5,159	5,084
Estimated benefits paid	(1,315)	(1,238)	(1,450)	(1,386)
<b>Defined benefit obligations at end of period</b>	<b>65,887</b>	<b>63,811</b>	<b>85,795</b>	<b>83,925</b>

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**Notes to the Financial Statements (continued)**

	<b>Group 2022</b>	<b>College 2022</b>	<b>Group 2021</b>	<b>College 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	61,618	59,440	52,623	50,714
Interest on plan assets	990	956	844	816
Return on plan assets	707	682	7,719	7,441
Employer contributions	1,436	1,415	1,411	1,390
Contributions by Scheme participants	515	509	512	506
Estimated benefits paid	(1,314)	(1,237)	(1,450)	(1,386)
Administration expenses			(41)	(41)
<b>Fair value of plan assets at end of period</b>	<b>63,952</b>	<b>61,765</b>	<b>61,618</b>	<b>59,440</b>

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out below:

<b>Change in assumptions at 31 July 2022:</b>	<b>Approximate % increase to</b>	<b>Approximate monetary</b>	
		<b>Defined Benefit Obligation</b>	<b>amount (£000)</b>
0.1% decrease in Real Discount Rate	2%	1,374	
1 year increase in member life expectancy	4%	2,635	
0.1% increase in the Salary Increase Rate	0%	122	
0.1% increase in the Pension Increase Rate (CPI)	2%	1,255	

**Guaranteed Minimum Pension**

Defined benefit pension schemes will be affected by the ultimate resolution of the equalisation of benefits for men and women in relation to Guaranteed Minimum Pension (GMP) provisions. The 2018 Lloyds Bank court judgement provided clarity in this area. A further High Court ruling in 2020 extended GMP equalisation costs to historic transfers, potentially creating a further liability for pension schemes. The LGPS has allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results in respect of the 2018 ruling. The actuaries believe the 2020 ruling is unlikely to have a significant impact, so they have not made any allowance for this in their calculations.

**Transitional Protection Arrangements (McCloud)**

Following the loss of a court case (the McCloud judgement) which found that transitional protections put in place when two public sector pension schemes were reformed were age discriminatory, the government committed in July 2019 to seeking a remedy across all public sector schemes. The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. The College's pension liabilities in respect of the South Yorkshire Pension Fund have increased due to this. The fund actuary has included an allowance that is substantially in line with the judgement and the effect of any minor proposed changes will have an estimated liability of nil. The schemes actuaries have rolled forward the previous allowance and no additional adjustment has been made for the current year.

**Barnsley College**

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For the year ended 31 July 2022

**Notes to the Financial Statements (continued)****Widower Benefits (Goodwin)**

Following a recent Employment Tribunal ruling that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation, the government announced in July 2020 that it believed changes would be required to all public sector schemes with similar arrangements. For the College, this will increase the liability in respect of the South Yorkshire Pension Fund, but no allowance has been made in the accounting figures as it is expected that the impact on the liabilities will be immaterial (circa 0.1-0.2% of the obligations) and there is currently insufficient data available to estimate a cost

**26 Related party transactions**

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

## Summary of transactions with organisations connected to members of the Board of Governors

Related Party	Related party at the College	Transactions during the year	Income Related	Expenditure Related	Debtor Balance at 31 July 2022	Creditor Balance at 31 July 2022	Nature of Goods or Services purchased by the College	Nature of Goods or Services purchased by the other party
Sheffield College	Governor	£3,085	£3,085	£0	£895	£0	n/a	FE Tuition Fees
University of Sheffield	Governor	£2,095	£2,095	£0	£500	£0	n/a	Placement Contribution & FE Tuition Fees
Barnsley & Rotherham Chamber of Commerce	Principal	£7,980	£0	£7,980	0	£0	n/a	Kickstart Employment Scheme
Outwood Academy	Governor	£71,366	£71,366	£0	£0	£0	n/a	14-16 Skills Academy income
Barnsley MBC	Executive	£541,409	£4,440	£536,969	0.00	£185,984	Rent & Rates, Employer Incentive Payments	FE Tuition Fees
Sheffield Hallam University	Governor	£65,530	£750	£64,780	£0	£0	HE Validation Fees	Placement Contribution
NOCN	Governor	£62,431		£62,431		£78	n/a	Exam Fees
iTrust Barnsley CIC	Executive	£2,929	£0	£2,929	£0	£0	Grant Payments	n/a
South Yorkshire Community Federation	Executive	£2,000	£0	£2,000	£0	£0	Ambassador Level Membership	n/a
Wellspring Academy Trust	Executive	£4,000	£0	£4,000	£0	£999	Employer Incentive Payments, T Level Incentive Payments	n/a

**Barnsley College**  
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**Notes to the Financial Statements (continued)**

ITrust Barnsley Ltd is a joint venture between Barnsley College and The Barnsley Chronicle.

The total expenses paid to or on behalf of the governors during the year was £1,059 (2020/21: £nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending governor meetings and charity events in their official capacity. There were transactions with group companies in the year during normal course of business; this were in relation to the administration of energy contract with BCDC and subcontracting arrangements with ITS for the Adult Education Budget (AEB) delivery.

The value of expenditure with BCDC was £245k and the amount due on 31 July to BCDC was £245k. The income sub-contracted to ITS was £684k and the amount due to ITS on 31 July was nil.

No governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020/21: Nil).

**27 Amounts disbursed as agent - Learner support funds (Group)**

	2022 £'000	2021 £'000
16-18 bursary grants	1,629	1,207
Other Funding body grants	285	154
	<hr/>	<hr/>
Disbursed to students	1,914	1,361
Administration costs	(1,235)	(819)
	(60)	(35)
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	<hr/>	<hr/>
	619	507



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