

BHASVIC

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020



BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2019-20:

William Baldwin	Principal and Accounting officer
James Moncrieff	Deputy Principal (Quality and Curriculum)
Jutta Knapp	Assistant Principal (Resources)
Alison Cousens	Assistant Principal (Student Services)

Board of Governors

A full list of Governors is given on page 12-14 of these financial statements.

Mrs Louise Pennington acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial Statement and regularity auditors:	Internal Auditors:
RSM UK Audit LLP	Mazars
Portland	Regency House
25 High Street	3 Grosvenor Square
Crawley	Southampton
RH10 1BG	Hampshire

Bankers:	Solicitors:
Lloyds TSB PLC	Irwin Mitchell
2 City Place	Belmont House
Beehive Ring Road	Station Way
Gatwick	Crawley
West Sussex RH6 0PA	West Sussex

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Independent Auditor's Report on Regularity to the Corporation of Brighton Hove and Sussex Sixth Form College

Brighton Hove & Sussex Sixth Form College
205 Dyke Road
Hove
East Sussex BN3 6EG

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

Financial Statements for the Year Ended 31 July 2020

Operating and Financial Review

OBJECTIVES AND STRATEGIES

The governing body present their annual report together with the financial statements and auditor's report for Brighton Hove and Sussex Sixth Form College for the year ended 31 July 2020.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Brighton Hove and Sussex Sixth Form College (BHASVIC) and was incorporated in England. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The College's mission as approved is: To transform lives through learning. We will accomplish this by:

- Meeting the individual learning needs of students and supporting them to achieve
- Encouraging students to participate in the wider opportunities the College offers
- Working in partnership with other organisations.

Public Benefit

BHASVIC is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 12- 14.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides 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.

Implementation of Strategic Plan

In July 2017 the College adopted a strategic plan 'The 7 C's' for the period 1 August 2017 to 31 July 2020. With the arrival of the Coronavirus Pandemic the Corporation adopted a one-year addendum to the existing strategic plan entitled 'from crisis to control'. The Corporation monitors the performance of the College against the Strategic Plan via the annual College Development Plan.

The Covid-19 pandemic has completely and fundamentally changed our entire function. Overnight BHASVIC has had to reinvent every system and process to facilitate remote learning and working and then re-open in a Covid secure way.

Therefore, many of our long-term projects have not been a priority over the last 6 months as we have gone into crisis management mode and adapted our normal ways of working.

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Operating and Financial Review (continued)

The College's key achievements during 2019-20 as a result of implementing its College Development plan are given below:

Area of Strategic Plan 7 Cs	Achievements 2019-20
<p>Commitment To achieve outstanding levels of performance based on a culture of learning that allows all students to achieve above and beyond what they think is possible.</p>	<ul style="list-style-type: none"> • Outcomes for learners were very strong – with Centre Assessed Grades based on outcomes from the previous year whilst reflecting an upward trajectory • 75% of second year students applied to University and, of these, 85% were successfully placed (national benchmark is 80%) • 55 students were offered places at Oxford or Cambridge in 2020 • We continue to develop and support initiatives to raise aspirations, widen participation and work on improving the outcomes of disadvantaged students – for example over 40% of those placed at Oxford/Cambridge or doing Medicine came from a Widening Participation background
<p>Curriculum To provide a broad and balanced all-round education, enabling students to develop as independent, confident and well-informed young adults</p>	<ul style="list-style-type: none"> • We finalised our Curriculum Strategy in light of Ofsted's new inspection framework • Overnight we switched provision online with remote teaching and learning taking place from March to July • We have adapted delivery to deal with on-site Covid distancing and hygiene restrictions
<p>Culture To cultivate culture where we strive for the highest possible standards, where staff and students are supported, valued and developed as individuals in a safe environment, knowing that their own well-being is key to our success.</p>	<ul style="list-style-type: none"> • Our 'High Challenge, Low Threat' organisational culture remained strong through the lockdown period and beyond as we adapt and reinvent our delivery
<p>Contemporary To provide a stimulating educational and social environment, with attractive, modern facilities and resources including excellent ILT provision</p>	<ul style="list-style-type: none"> • We adopted a Digital Strategy which provides the roadmap for overhauling our Network, Information Systems and Communications • We have opened a c 3,000m² new building (a c£10m capital project) in November 2020 and this will provide much needed 21st Century teaching space
<p>Creative To encourage creative, innovative, collaborative and reflective approaches to all that we do.</p>	<ul style="list-style-type: none"> • Our new building provides creative curriculum space for the performing arts, media and sciences • We approached remote 'blended' learning in creative ways and continue to adapt our delivery in light of Covid restrictions
<p>Community To be an inclusive and accepting college where every individual feels part of a community and where we play an active role in our local community</p>	<ul style="list-style-type: none"> • We continue to work constructively with local and national partnerships – the Chair became a National Leader in Governance and the Principal became a Non-Executive Director on the Association of Colleges Board • We were a founder member of Citizens Brighton and Hove and are part of the leadership team of this civil society organisation
<p>Control To be an efficient, fair and intelligently managed organisation that achieves value for money and functions on a sound business basis with robust financial management.</p>	<ul style="list-style-type: none"> • Despite real pressures on revenue our financial health is good • We continue to be oversubscribed • 97.9% of students were retained to the end of the year

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Operating and Financial Review (continued)

Financial objectives

The College's financial objectives are:

- To achieve an adequate annual operating surplus
- To pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the Colleges overall finances
- To generate sufficient levels of income to support the asset base of the College
- To further improve the Colleges shorter term liquidity
- To fund continued capital investment

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

Performance indicators

Key Performance Indicator	Measure / Target	Actual for 2019/20
16-19 Student numbers	2,937	3,009
Operating surplus as % of income (excl FRS 102)	≥3%	2.8%
Cash days in hand	>30	47
Current assets : current liabilities	2:1	1.04:1
Staff costs as % of income (excl FRS 102)	74%	76%
Borrowing as % of income	<45%	29.4%
Sector EBITDA as a % of income	≥4%	6%
Bank covenants		
Operating cash flow before taxation and interest paid to principal and interest paid	≥1.1:1	1.57:1
Total gross debt less cash to EBITDA	<4.5:1	2.5:1
Total gross debt to net assets	<0.40:1	0.25:1
Cash held	≥£1.25m	£1.64m
Calculated indicator of financial health	Good	Good

FINANCIAL POSITION

Financial results

The college generated a deficit before other gains and losses in the year of £310,000 (2018-19 deficit of £486,000), with total comprehensive income of £(1,833,000) (2019 £(1,291,000)).

The college has accumulated reserves of £2,381,000 and cash and short- term investment balances of £1,795,000.

Tangible fixed asset additions during the year amounted to £6,557,000 which was £6,508,000 for ongoing costs for the building of a new teaching block and £49,000 for the purchase of equipment.

The college has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019-20 the funding bodies provided 94% of the college's total income.

COVID – 19 has impacted on the college's commercial – income from catering and venue hire with a resultant downturn of £136,000.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

Financial Statements for the Year Ended 31 July 2020

Operating and Financial Review (continued)

Short term borrowing for temporary revenue purposes is authorised by the Principal. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement.

Cash flows and liquidity

At £361,000 (2019 £351,000), net cash inflow from operating activities was relatively strong.

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.

Reserves Policy

Included within the amount of total Reserves held by the College are unrestricted reserves. The purpose of reserves is twofold, to finance future planned capital expenditure as well as supporting the core activities of the College.

An adequate amount of unrestricted reserves is required to ensure that the College has sufficient working capital to cover day to day expenditure, any deficits that may arise, contingency finance for unforeseen expenditure and to contribute to capital expenditure. It seems appropriate to maintain cash reserves in the region of £1,500,000 for working capital as well as £500,000 for contingencies. The College has accumulated reserves of £2,381,000 (2019 £4,214,000) and cash and short- term investment balances of £1,795,000 (2019 £5,968,000).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

The College is assessed as having a "Good" financial health grading with healthy cash reserves, and continues to have good support from the bank.

Student numbers

In 2019-20 the College has delivered activity that has produced £11,598,234 in funding body main allocation funding (2019 - £11,252,624). The College had 3,009 ESFA funded students and no students who are not eligible for funding.

Curriculum developments

Metacognition and student study skills: At the very beginning of the academic year, all teachers, tutors and student services staff attended a day session delivered by A Level Mindset (now known as VESPA Mindset). These authors and pedagogists have taken the sixth form sector by storm with their outstanding analysis of young people and the way they learn to learn. Our curriculum departments built into their action plans for the year ways to use the theory, activities and practical tools with their students to help them improve their learning. Departments focused particularly on transition from GCSE and their induction periods, but also built strategies into their year-long schemes of work and student handbooks. VESPA has also been embedded into our tutorial provision and its scheme of work and all staff working directly with students have considered ways to enhance their practice (notably one-to-one work, coaching and mentoring) when supporting and advising students on their progress. The development here has been disrupted by Covid and lockdown, though it has been pertinent to supporting students with their remote and independent study, but will be picked up again this academic year.

Blended and remote teaching and learning: The developments in our teaching practice to enable our students to continue with their studies whilst studying from home has been far and away the most dominant aspect of our curriculum development this past academic year. Centrally, we have provided guidance, policies and tools for our curriculum teams and teachers to use to inform their continuation of student learning. Centrally, we have also facilitated extensive sharing of practice through micro-guides, forums and champions. Our INSET has been focused on blended learning and the senior management team have devised a mode of blended delivery which will meet government

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Operating and Financial Review (continued)

safety guidelines whilst maximizing the student experience and learning on site. Modes of monitoring and supporting student engagement and progress, through assessment and student intervention strategies, have also had to develop and respond to remote or blended learning environments and this work continues in its development this academic year.

Curriculum: we have prepared for delivery of two new A level courses at BHASVIC – History of Art and Religious Studies. The staff delivering these courses have consulted closely with the awarding bodies and networked extensively with those centres and individuals who are very successfully delivering the qualifications. Both courses have recruited well and are now successfully in full swing.

Additional Learning Support, SEND and Vulnerable Learners: We have adapted our pastoral and Special Educational Needs provision extensively to continue to meet the needs of disadvantaged and vulnerable students and those with additional learning needs. Pastoral support and SEND provision continued for all students, both remotely and on site, and we provided technology for those students with economic disadvantage and limited or no access to IT at home.

Trade Union facility time

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

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
4	3.77

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1 – 50%	4
51 – 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£5,969
Total pay bill	£9,344,091
Percentage of pay bill spent on facility time (total cost of facility time ÷ total pay bill) x 100	0.064%

Paid trade union activities

Time spent in 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	18.93%
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Payment performance

The Late Payment of Commercial Debts (Interest) Act which came into force on 1 November 1998 requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2019 to 31 July 2020, the College paid 86% of its suppliers within 30 days and incurred no interest charges in respect of late payment.

Events after the end of the reporting period

The College agreed a further bank loan of £1.5m to partially fund the new teaching block, this was drawn down in November 2020.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

Financial Statements for the Year Ended 31 July 2020

Operating and Financial Review (continued)

Future prospects

The College is under Plan Led Funding and 16-19 recurrent funding for 2020-21 has been confirmed at £13,365,739.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Financial

The College has £2,381,000 of net assets, including £5,796,000 of pension liability, (2019 £4,214,000 with £3,591,000 pension liability), and long term debt of £10,326,000, which includes £6,806,000 of deferred capital grant, (2019 long term debt of £8,672,000 including £5,126,000 deferred capital grant).

People

The College employs 321 people, of whom 190 are teaching staff.

Reputation

The College has a very good reputation locally and nationally. Maintaining this reputation is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The Senior Management Team scores and tracks the likelihood and impact of risks on a termly basis noting any mitigation or action to be taken. The risk register is maintained at management level with assurances provided to Corporation committees when risks score above a certain threshold. The process is reviewed once a term by the Audit Committee.

Three overarching key risks have been identified as interlinked and fundamental to the success of the college: Finances, Quality and Reputation. Outlined below is a description of the main risk factors that the College is currently facing. Not all the factors are within the College's control. Other factors besides those listed may also adversely affect the College, most notably the Coronavirus pandemic, which is mentioned below.

Finances

The College has considerable reliance on continued government funding through the education sector funding body. Funding per student has not increased in line with costs – thus we are facing real terms cuts on an annual basis. Each year it is becoming increasingly difficult to achieve a balanced budget and maintain the quality of our provision on the funding allocation received. We are near the completion of a c£10m capital project to complete a new building to provide fit for purpose teaching space for our current students. Whilst this project has overrun (because of the pandemic) it is not over budget and our financial health is 'Good'. However, the Coronavirus pandemic will have a negative impact on our finances. We have lost additional income streams with significantly reduced catering, lettings and adult evening languages revenue. The furlough Job Retention Scheme helped us to re-cover some of these costs but the additional expenditure of running a 'Covid secure' college has eroded our surplus.

Student Numbers

Despite being oversubscribed, achieving target student numbers is always difficult when 'at capacity' yet fundamental to our financial stability. We have a history of year-on-year growth and hitting/exceeding target enrolments and 19-20 was no exception. For 2020-21 there have been more variables than ever, with the impact of the pandemic and with the overrun to the new building. Despite this we will be c.150 students over target which bodes well for future finances. The opening of our new building in November 2020 gave us the space needed for the numbers of students we have.

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Operating and Financial Review (continued)

Quality

The College is in a very strong position in relation to performance outcomes for both progress and attainment however we must continue to be focused on sustaining this in order to maintain the recruitment of students upon which the College's financial well-being depends. With the pandemic leading to the cancellation of exams and widespread closure, quality outcomes have been dictated by Centre Assessed Grades which have remained in line with previous high performance. It is harder to judge the quality of provision under Covid restrictions and the 'tail' of this impact may be seen for at least a couple of years. We know from enrolment for 2020-21 that student numbers have held up robustly so our reputation remains unaffected.

Information Technology

One risk that has been on our radar for a number of academic years is that of our IT infrastructure. Both our network and information systems now have the strategic vision to ensure fast, reliable and future ready systems but these will take time and investment to achieve. The pandemic has been a catalyst for expediting aspects of our Digital Strategy to ensure that we have been able to provide business continuity throughout this period but it will take time to complete everything that we need to.

Coronavirus

The pandemic is having an impact on all areas of society and BHASVIC is no exception. It intertwines seamlessly with our three overarching risks and beyond. Our finances have been hit from the reduction in revenue from additional income streams, quality is difficult to maintain whilst operating at two-thirds capacity and where centralised assessment frameworks may change and our reputation may be impacted adversely by both a reduction in quality and/or any ill-judged responses by the college to the pandemic. The impact is reduced as all colleges are in the same position.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, BHASVIC has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- Staff;
- Parents;
- Local employers (with specific links);
- Local authorities;
- Brighton and Hove Learning Partnership;
- The local community;
- Other FE institutions;
- Trade Unions;
- Professional bodies.

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

Equality, Diversity and Inclusion

The college is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in age, disability, pregnancy and maternity, family responsibility, marital and civil partnership, race, colour, ethnicity, nationality, religion and belief, sex, gender identity, sexual orientation, and trade union activity. We strive vigorously to remove conditions, which place people at a disadvantage and we will actively combat discrimination. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality, Diversity and Inclusivity Policy is published on the college website.

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. An Equality, Diversity and Inclusivity Action Plan is published each year and is monitored by managers and governors.

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Operating and Financial Review (continued)

Disability Statement

The college seeks to achieve the objectives set down in the Equality Act 2010 and seeks to advance positive attitudes towards anyone with a disability. The college will make all reasonable adjustments to every aspect of the college to avoid disadvantage to any student, staff or visitor with a disability.

- a) The college has a designated Equality, Diversity and Inclusion Coordinator who provides information and advice to staff and students. The Additional Learning Support Department makes provision for students with disabilities.
- b) There is a range of specialist equipment, such as radio aids, which the college can make available for use by students and a range of assistive technology is available in the Additional Learning Support Department.
- c) The admissions policy for all students is published on the college website. 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 Additional Learning Support Assistants who can provide in class 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) Counselling and welfare services are accessible to students via an on-line referral system accessed via the BHASVIC website, or via contact with Personal Tutors/ Teachers/ Guidance Managers, who can refer issues with the consent of the student, via a designated welfare email. A triage system is in place in Student Services to allocate appointments, though students can also drop into Student Services to access more immediate support when necessary. This system is outlined on the college website, and communicated to students as part of the induction process. The College Code of Conduct is issued to all students at induction.

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 8 December 2020 and signed on its behalf by:

Sandra Prail



Chair

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
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Governance statement

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 2019 to 31 July 2020 and up to the date of approval of the annual report and the financial statements. The College endeavours to conduct its business:

- i) In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii) Having due regard to the UK Corporate Governance Code (2016) insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice. 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. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council (FRC). Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Corporation, the College complies with the provision of the UK Corporate Governance Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2020.

The Corporation has not adopted the Code of Good Governance for English Colleges recommended by the Association of Colleges.

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

The Corporation

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

Name	Date of appointment/ reappointment	Date term of office ends	Date of resignation/ end of term	Status of appointment	Committees Served	Attendance Note 1 refer below
Philip Anderson	1 April 2019	31 Dec 2022		External	Audit	25% (1 of 4 meetings)
Louise Askew	10 December 2018	31 Dec 2020		Parent	Audit	75% (3 of 4 meetings)
William Baldwin	15 August 2016	Ex officio		Principal	Resources; Quality & Curriculum; Search and Governance; Premises Group	100%
Jo Davis	1 April 2019	31 Dec 2022		External	Audit (appointed Chair 6 July 2020)	50% (2 of 4 meetings)
Ben Franklin	8 July 2019	May 2020	May 2020	Student	Quality and Curriculum	33% (1 of 3 meeting)
Gillian Hampden-Thompson	9 Nov 2016 Reappointed 9 Dec 2019	31 Dec 2019 31 Dec 2022		External	Quality and Curriculum (Chair) Search and Governance, Remuneration	100%

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Julia Holgate-Turner	8 March 2019	31 March 2022		Staff (Support)	Resources	100%
Neil Jones	19 March 2018	31 Mar 2021		Staff (Teaching)	Quality and Curriculum	75% (3 of 4 meetings)
Amanda Law	10 December 2018	31 Dec 2020		Parent	Quality and Curriculum	50% (2 of 4 meetings)
John MacLeod	8 July 2019	May 2020	May 2020	Student	Quality and Curriculum	33% (1 of 3 meeting)
Ana MacEilly	9 July 2020	May 2021		Student	Quality and Curriculum	100% (1 of 1)
Michael McLean	1 April 2019	31 March 2022		External	Audit (until 31 Aug 2020) Resources (from 1 Sep 2020)	100%
Chris Newson	23 March 2015. Reappointed March 2018	31 March 2021		External	Resources	75% (3 of 4 meetings)
Lynn O'Meara	1 Jan 2015 Reappointed 6 Dec 2016 Reappointed 9 Dec 2019	31 Dec 2016 31 Dec 2019 31 Dec 2022		Parent External	Quality and Curriculum	100%
Marcus Palmer	18 March 2019	31 March 2022		External	Resources	75% (3 of 4 meetings)
Neil Perry	9 July 2012 Reappointed July 2015 and July 2018	31 July 2021		External	Vice-Chair of Corporation (from 1 Aug 2018), Resources (attendee - 9 July 2020 as HR lead Governor), Remuneration (Chair), Search and Governance (Chair), Audit (from 1 April 2019) (Chair until July 2020).	100%
Chris Piper	19 March 2018	31 March 2021		External	Quality and Curriculum	75% (3 of 4 meetings)
Sandra Prail	14 July 2014 Reappointed April 2017 (effective July 2017) Reappointed July 2020	31 July 2020 31 July 2023		External	Chair of Corporation Resources, Premises Group, Remuneration, Search and Governance Committee	100%
Jo Redfern	9 November 2016 Reappointed 9 Dec 2020	31 Dec 2019 31 Dec 2022		External	Quality and Curriculum	50% (2 or 4 meetings)
Lucas Watkin	9 July 2020	May 2021		Student	Quality and Curriculum	100% (1 of 1)
Tom Wolfenden	7 July 2010 Reappointed 31 July 2013, 31 July 2016, 31 July 2019	31 July 2019		External	Vice Chair of Corporation, Search and Governance, Remuneration, Resources (Chair until July 2020), Premises Group	50% (2 or 4 meetings)

Note 1: Attendance at Corporation meetings during the period of the individual Governor's membership from 1 August 2019 until the date of this report. There were three Corporation meetings during this period. Governor attendance benchmark per annum is 70%.

Note 2: It was resolved at the Corporation meeting on 9th July 2018 that there would be 2 Vice-Chairs of Corporation with effect from 1st August 2018 and the Instrument and Articles were revised accordingly.

Note 3: In light of the Covid-19 Pandemic, the Corporation established an Emergency Governance Committee (EGC) to deal with Corporation business and the EGC had 1 meeting during this accounting year in April 2020. The Members of this Committee were Sandra Prail (Chair), Neil Perry (Vice-chair), Tom Wolfenden (Vice-Chair), Gill Hampden-Thompson (Chair of Q & C Committee) and William Baldwin (Principal), who were all present at the meeting which was held remotely. Mick McLean and Lynn O'Meara also joined the EGC meeting.

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Governance statement (continued)

At 31 July 2020 the following were members of committees but not members of the Corporation:

Mohammed Ahmed	Audit (appointed July 2020 wef 1 September 2020)
Sarah Bovill	Audit
Mark Snape	Resources Committee and Premises Group

At 31 July 2020 the following members of staff were members of committees but not members of the Corporation:

Jacqui Punter	Quality and Curriculum
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Louise Pennington acts as Clerk to the Corporation.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. The committees are Resources Committee, Premises Group which reports to the Resources Committee, Quality and Curriculum Committee, Audit Committee, Search and Governance Committee and Remuneration Committee. Full minutes of all meetings, once approved, except those deemed to be confidential by the Corporation, are available on the College's website (bhasvic.ac.uk) or from the Clerk to the Corporation at:

Brighton Hove & Sussex Sixth Form College
205 Dyke Road, Hove, East Sussex, BN3 6EG

The Clerk to the Corporation 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 Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Corporation and committee 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 of the Corporation and Principal of the College are separate.

The full Corporation is the appointing authority in relation to the appointment of a Member. The procedure for selection of all Members is through the recommendation of the Search and Governance Committee of the Corporation. The Corporation is responsible for ensuring that appropriate training is provided as required. The Search and Governance Committee comprises the Chair and Vice Chair/s of the Corporation, the Committee Chairs and the Principal. Members of the Corporation are appointed for a term of office of not more than three years, but Members retiring at the end of their term of office shall be eligible for re-election and will normally not serve more than nine years.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

Governance statement (continued)

Corporation Performance The Governance Committee of the Corporation annually reviews the Corporation's own performance at its Autumn Term meeting and the Self-Assessment Report (SAR) arising from this, is recommended to Corporation for approval. References and excerpts from the Governance SAR are included within the whole College SAR which is also approved by Corporation and available in the relevant meeting papers at that time. The Corporation will review its self-assessment grade for the 2019/20 academic year at its December 2020 meeting, currently graded as 'Good'. Following an external review in 2017, on-going improvements to governance continue to be implemented.

Remuneration Committee

The Remuneration Committee includes the Chair and at least two other external Governors. Its responsibilities include consideration of the remuneration and the conditions of service of the Senior Post Holders and taking decisions on remuneration. In reaching its decision the Committee takes into account the need to recruit and retain, to recognise performance and to maintain appropriate differentials. It gives due regard to the interests of the public and to the financial health of the College. It is guided by survey data from the Sixth Form Colleges Association and by information on any cost of living awards for teachers and support staff in Sixth Form Colleges.

At its Autumn Term meeting, the Remuneration Committee considered whether to recommend to Corporation that it should adopt the Remuneration Code (an addition element of the AoC's Code of Good Governance) to assess pay in line with the principles of the Code for future remuneration decision making. The Committee resolved not to recommend that this be adopted at present. The Remuneration Code is part of the Code of Good Governance, the latter of which has not been adopted by the College as recorded above.

The remuneration package for the Principal is subject to annual review by the Remuneration Committee of the governing body which uses benchmarking information to provide objective guidance.

The Principal reports to the Chair of Corporation, 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 2020 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises Members of the Corporation or others co-opted on to the Committee. The Chair of Corporation, the Principal, Staff and Students may not be members. The Committee acts in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and external auditors, who have access to the committee for independent discussion and where applicable, without the presence of College management. The Committee also receives and considers reports from the main FE funding body 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 and external auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

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Internal Control

From 1 August 2013 there is no statutory obligation for sixth form colleges to have an audit firm to carry out internal audit and provide an assurance to the Audit Committee.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

Governance statement (continued)

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 he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the college for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performances 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.

BHASVIC have a reduced scope internal audit service, provided by Mazars, which operated in accordance with the requirements of the ESFA's post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's governing body on the recommendation of the audit committee. At least annually the internal audit service provides the governing body with a report on internal audit activity in the college. The report includes the independent opinion of the internal audit service provider on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes.

Review of effectiveness

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

- the work of the internal auditors
-

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

Governance statement (continued)

- 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 and the regularity 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 a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which includes recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cash flow, liquidity and borrowing are presented in the Financial Statements and accompanying Notes. The College currently has £3,594,000 of unsecured loans outstanding with bankers on terms negotiated in 2020. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The College have also considered the potential impact of Covid-19 and given the committed funding for 16-19 education, the level of cash reserves and the over enrolment for 2020-21, the forecasts support that it will be able to cover costs for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the Corporation on 8 December 2020 and signed on its behalf by:



Sandra Prail
Chair



William Baldwin
Accounting Officer

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the funding agreement in place between the College and the ESFA. As part of its consideration the Corporation has had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm, on behalf of the Corporation, that after due enquiry and to the best of our knowledge, the Corporation believes that it is 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 agreement and contracts with the ESFA, or any other public funder.

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



Sandra Prail

Chair

Date: 8 December 2020



William Baldwin

Accounting Officer

Date: 8 December 2020

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, (who act as Trustees for the charitable activities of the College), are required to present audited financial statements for each financial year.

Within the terms and conditions of the Funding Agreement agreed between the ESFA and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction for 2019-20 issued by the ESFA, which give a true and fair view of the state of affairs of the College and the results for that year.

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether UK applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Funding Agreement with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by the members of the Corporation on 8 December 2020 and signed on its behalf by:

Sandra Prail
Chair



BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE

Opinion

We have audited the financial statements of Brighton Hove & Sussex Sixth Form College (the "College") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

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 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation of Brighton Hove & Sussex Sixth Form College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 19, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 5 November 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit Ltd

RSM UK AUDIT LLP
Chartered Accountants
Portland
25 High Street
Crawley
RH10 1BG

14 December 2020

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Statement of Comprehensive Income
For the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
INCOME			
Funding body grants	2	12,242	11,584
Tuition fees and education contracts	3	-	1
Other grants and contracts	4	131	-
Other income	5	659	847
Investment income	6	22	27
Total income		13,054	12,459
EXPENDITURE			
Staff costs	7	10,349	9,817
Other operating expenses	8	2,215	2,371
Depreciation	11	645	595
Interest and other finance costs	9	155	162
Total expenditure		13,364	12,945
(Deficit)/Surplus before other gains and losses		(310)	(486)
Change in market value of investments		11	6
(Deficit)/ Surplus before tax		(299)	(480)
Taxation	10	-	-
(Deficit)/Surplus for the year		(299)	(480)
Remeasurement of net defined pension liability	19	(1,534)	(811)
Total comprehensive income for the year		(1,833)	(1,291)

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
College Statement of Changes in Reserves

	Notes	Income and Expenditure account £'000	Revaluation Reserve £'000	Total £'000
Balance at 31 July 2018		3,340	2,165	5,505
Deficit for the year		(480)	-	(480)
Other comprehensive income		(811)	-	(811)
Transfers between revaluation and income and expenditure		76	(76)	-
Total comprehensive income for the year		<u>(1,215)</u>	<u>(76)</u>	<u>(1,291)</u>
Balance at 31 July 2019		2,125	2,089	4,214
Surplus for the year		(299)	-	(299)
Other comprehensive income		(1,534)	-	(1,534)
Transfers between revaluation and income and expenditure reserves		76	(76)	-
Total comprehensive income for the year		<u>(1,757)</u>	<u>(76)</u>	<u>(1,833)</u>
Balance at 31 July 2020		<u><u>368</u></u>	<u><u>2,013</u></u>	<u><u>2,381</u></u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Balance sheet as at 31 July 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	11a	<u>18,415</u>	<u>12,520</u>
Current assets			
Stocks		4	7
Debtors	12	528	201
Investments	11b	135	2,124
Cash at bank and in hand	17	<u>1,660</u>	<u>3,844</u>
Total current assets		2,327	6,176
Less: Creditors – amounts falling due within one year	13	<u>(2,239)</u>	<u>(2,219)</u>
Net current assets		<u>88</u>	<u>3,957</u>
Total assets less current liabilities		18,503	16,477
Less: Creditors – amounts falling due after more than one year	14	(10,326)	(8,672)
Provisions			
Defined benefit obligations	19	(5,796)	(3,591)
Total net assets		<u><u>2,381</u></u>	<u><u>4,214</u></u>
Unrestricted Reserves			
Income and expenditure account		368	2,125
Revaluation reserve		2,013	2,089
Total reserves		<u><u>2,381</u></u>	<u><u>4,214</u></u>

The financial statements on pages 22 to 42 were approved by the Corporation on 8 December 2020 and were signed on its behalf on that date by:



Sandra Prail
Chair



William Baldwin
Principal

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Cash Flow Statement

	Notes	2020 £'000	2019 £'000
Cash inflow from operating activities			
Deficit)/Surplus for the year		(299)	(480)
Adjustment for non cash items			
Depreciation		645	595
Deferred capital grant release		(225)	-
Decrease/(Increase) in stocks		3	(3)
(Increase)/decrease in debtors		(343)	(72)
(Decrease) in creditors within one year		(131)	(32)
Increase/(Decrease) in creditors after one year		-	(260)
Pension scheme non-cash movements		589	458
Adjustment for investing or financing activities			
Fair value (gains)/loss on investments		(11)	(6)
Interest payable		155	162
Investment income		(22)	(11)
		<u>361</u>	<u>351</u>
Net cashflow from operating activities			
Cash flows from investing activities			
Investment income		38	11
Capital grants received		2,005	1,456
Withdrawal of deposit		2,000	-
Payments made to acquire fixed assets		(6,526)	(867)
		<u>(2,483)</u>	<u>600</u>
Cash flows from financing activities			
New loan received		135	-
Interest paid		(66)	(92)
Interest element of finance lease rentals		(7)	(2)
Repayments of amounts borrowed		(117)	(113)
Capital elements of finance lease rentals		(7)	(2)
		<u>(62)</u>	<u>(209)</u>
Total Investing and financing activities			
		<u>(2,545)</u>	<u>391</u>
(Decrease)/Increase in cash and cash equivalents			
		<u>(2,184)</u>	<u>742</u>
Cash and cash equivalents at the start of the year	17	3,844	3,102
Cash and cash equivalents at the end of the year	17	1,660	3,844

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of accounting policies

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

General information

Brighton Hove and Sussex Sixth Form College is a Corporation established under the Further and Higher Education Act 1992 as a sixth form college, incorporated in England. The address of the College's principle place of business is 205 Dyke Road, Hove, East Sussex BN3 6EG. The nature of the College's operations are set out in the Report of the Governing Body.

Basis of accounting

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 2019 to 2020' and in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and the 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 prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non – current assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years stated unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The College currently has £3,594,000 of loans outstanding with bankers on terms negotiated in 2020, and drew down an additional £1.5m of bank borrowing in November 2020 to finance the new building. The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future.

The College have also considered the potential impact of Covid-19 and given the committed funding for 16-19 education, the level of cash reserves and the over enrolment for 2020-21, the forecasts support that it will be able to cover costs for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Income from tuition fees is recognised in the period for which it is received, and includes all fees chargeable to students or their sponsors. The costs of any bursaries awarded due to hardship by the College are included as expenditure in note 8.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Recognition of Income (continued)

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short term deposits is credited to the income and expenditure account in the year in which it is earned.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Government capital grants for assets are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Accounting for retirement benefits

Retirement benefits to employees of the College are provided by The Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are multi-employer defined benefit schemes.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a projected unit 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 scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

East Sussex Local Government Pension Scheme (LGPS)

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

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

Actuarial gains and losses are recognised immediately in other 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.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of up to 55 years on a straight line basis. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a Government capital grant account, and are released to the income and expenditure account over the expected useful life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future.

Assets in course of construction

Assets in course of construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has significantly improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

Equipment

Equipment costing less than £1,000 per individual item is written off to the Statement of Comprehensive Income in the year of acquisition with the exception of the annual IT equipment upgrade which may include individual items below this level but is capitalised at cost. All other equipment is capitalised at cost.

Equipment is depreciated on the straight line method as follows:

Building improvements	10% per year
Computer equipment	Between 20% and 50% per year
Other equipment	20% per year

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Leased assets

Costs of operating leases are charged on a straight line basis over the lease term.

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

Investments

Investments are units in the COIF charities investment fund and shares on the AIM market, as well as money on short term bank deposit. Current asset investments, which include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

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 College 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 College 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 partially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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 the charitable purpose.

The College receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Maintenance of premises

The cost of routine maintenance is charged to the income and expenditure account in the period it is incurred.

Provisions

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

Agency arrangements

The College acts as an agent in the collection and payment of Bursary Support Funds. Payments received from the funding body and subsequent disbursements to students are excluded from the Income and Expenditure account and are included in other creditors, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant, where the College does not have control of the economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Critical accounting estimates and assumptions

- **Tangible fixed assets**
Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.
- **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 19, 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 2020. 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.
- **Impairment of fixed assets**
The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset is required. This will require an estimation of the future cash flow and selection of an appropriate discount rate in order to calculate the net present value of that cash flow.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

2 Funding body grants

	2020	2019
	£'000	£'000
ESFA 16-18 recurrent grant	11,598	11,242
ESFA adult recurrent grant	0	11
Release of government capital grants	225	245
Other allocations	419	86
Total	<u>12,242</u>	<u>11,584</u>

3 Tuition fees and education contracts

	2020	2019
	£'000	£'000
Tuition fees	-	1
Total	<u>-</u>	<u>1</u>

4 Other grants and contracts

	2020	2019
	£'000	£'000
Coronavirus job retention scheme grant	<u>131</u>	<u>-</u>

The corporation furloughed 50 catering, cleaning and other support staff under the Government's Coronavirus Job Retention Scheme. The funding of £131k relates to staff costs which are included within the staff costs note below as appropriate.

5 Other operating income

	2020	2019
	£'000	£'000
Catering operations	155	219
Other income generating activities	255	295
Miscellaneous income	249	333
Total	<u>659</u>	<u>847</u>

6 Investment income

	2020	2019
	£'000	£'000
Investment income	2	-
Interest receivable	20	27
Total	<u>22</u>	<u>27</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

7 Staff costs

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

	2020	2019
	No.	No.
Teaching staff	190	178
Non teaching staff	<u>131</u>	<u>130</u>
	<u>321</u>	<u>308</u>

Staff costs for the above persons

	2020	2019
	£'000	£'000
Wages and salaries	7,539	7,545
Social security costs	677	665
Other pension costs	<u>2,133</u>	<u>1,607</u>
	10,349	9,817
Restructuring costs	<u>-</u>	<u>-</u>
	<u>10,349</u>	<u>9,817</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team, which comprises the Principal, the Deputy Principal and two Assistant Principals.

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

	2020	2019
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>4</u>

Notes to the Financial Statements (continued)

7 Staff costs (Continued)

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

	Key Management	
	2020	2019
	No	No
£55,001 to £60,000	-	1
£60,001 to £65,000	1	-
£65,001 to £70,000	1	1
£70,001 to £75,000	-	-
£75,001 to £80,000	1	1
£100,001 to £105,000	-	-
£105,001 to £110,000	-	1
£110,001 to £115,000	1	-
	<u>4</u>	<u>4</u>

No other staff received annual emoluments in excess of £60,000.

Key management personnel compensation is made up as follows:

	2020	2019
	£'000	£'000
Salaries	318	312
Employers National Insurance	38	38
Pension contributions	70	52
	<u>426</u>	<u>402</u>

The above emoluments include amounts payable to the Principal who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2020	2019
	£'000	£'000
Salaries	<u>112</u>	<u>110</u>
Employers National Insurance	14	14
Pension contributions	<u>26</u>	<u>18</u>

The Remuneration Committee will consider whether to adopt the remuneration code to assess pay in line with the principles of the code for future remuneration decision making.

The remuneration package for the Principal and key management personnel is subject to annual review by the Remuneration Committee of the governing body, who take careful account of the College's Remuneration and PDR policies for Senior Postholders. Consideration is given to the latest survey figures and individual PDR achievements as well as the past and likely future national pay settlements. In balancing reward for performance with the budgetary pressures on the college the committee made awards that reflect the likely national pay settlement.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

7 Staff costs (continued)

Relationship of Principal pay and remuneration expressed as a multiple:

	2020	2019
	%	%
Principal basic salary as a multiple of the median of all staff	3.15	3.35
Principal total remuneration as a multiple of the median of all staff	3.16	3.36

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

8 Other operating expenses

	2020	2019
	£'000	£'000
Teaching costs	337	413
Non teaching costs	1,321	1,385
Premises costs	557	573
Total	<u>2,215</u>	<u>2,371</u>

(Deficit) before tax is stated after charging:

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	18	15
Teachers pension audit	2	2
Internal audit	5	8
Hire of other assets – operating leases	104	107

9 Interest payable

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans	66	92
	<u>66</u>	<u>92</u>
Interest on finance leases	7	2
Pension finance costs (note 19)	82	68
	<u>82</u>	<u>68</u>
Total	<u>155</u>	<u>162</u>

10 Taxation

The members do not believe that the College was liable for any corporation tax arising out of its activities during either the current or the preceding year.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

11a Tangible fixed assets

	Freehold Property £'000	Assets in course of construction £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2019	17,708	1,259	1,594	20,561
Additions	-	6,508	49	6,557
Transfer	135	(152)		(17)
At 31 July 2020	17,843	7,615	1,643	27,101
Depreciation				
At 1 August 2019	6,869	-	1,172	8,041
Charge for the year	536	-	109	645
At 31 July 2020	7,405	-	1,281	8,686
Net book value at 31 July 2020	10,438	7,615	362	18,415
Net book value at 31 July 2019	10,839	1,259	422	12,520

Land and buildings with a net book value of £5,595,298 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the College, to surrender the proceeds.

If inherited land and buildings had not been valued, they would have been included as £nil cost and £nil accumulated depreciation.

The net book value of equipment includes an amount of £42,289 (2019 £53,000) in respect of assets held under finance lease.

11b Investments	2020 £'000	2019 £'000
Listed investments	56	46
Unlisted investments	79	78
Bank deposits	0	2,000
	135	2,124

The college owns 133,333 shares in Frenkel Topping plc, a company incorporated in England and Wales. Their principal activity is the provision of financial advice.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

12 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Other debtors	80	49
Prepayments and accrued income	448	152
Total	<u>528</u>	<u>201</u>

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank loans and overdrafts	217	209
Obligations under finance lease	8	7
Other loans	28	-
Payments received in advance	129	175
Trade creditors	553	201
Other taxation and social security	183	168
Other creditors and accruals	796	1,234
Deferred income - government capital	325	225
Total	<u>2,239</u>	<u>2,219</u>

14 Creditors: amounts falling due after one year

	2020 £'000	2019 £'000
Bank loans	3,377	3,502
Obligations under finance lease	36	44
Other loans	107	-
Deferred income - government capital	6,806	5,126
Total	<u>10,326</u>	<u>8,672</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

15 Borrowings

Bank loans are repayable as follows:

	2020 £'000	2019 £'000
In one year or less or on demand	217	209
Between one and two years	199	209
Between two and five years	596	573
In five years or more	2,582	2,720
Total	<u>3,594</u>	<u>3,711</u>

The College drew down a loan of £300,000 in July 2006. This is floating at 1.0% over LIBOR payable by instalments between October 2006 and June 2021. The amount outstanding at 31 July 2020 is £17,912.

The College drew down a loan of £4.2m in 2016. The interest rate is fixed at 1.96% for 5 years payable by instalments between October 2016 and June 2039. The amount outstanding at 31 July 2020 is £3,575,676

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

	2020 £'000	2019 £'000
In one year or less	8	7
Between two and five years	36	44
Total	<u>44</u>	<u>51</u>

16 Provisions

	Defined benefit obligations £'000
At 1 August 2019	(3,591)
Expenditure in the period	(82)
Transferred to income and expenditure account	(2,123)
At 31 July 2020	<u>(5,796)</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Scheme. Further details are given in Note 19.

17 Cash and cash equivalents	At 1 August 2019 £'000	Cashflows £'000	Other Changes £'000	At 31 July 2020 £'000
Cash and cash equivalents	3,844	(2,184)		1,660
	<u>3,844</u>	<u>(2,184)</u>	<u>-</u>	<u>1,660</u>
Debt due within 1 year	(209)		(36)	(245)
Debt due after 1 year	(3,502)	117	(99)	(3,484)
Finance leases	(51)	7		(44)
Current asset investments	2,124	(2,000)	11	135
Total	<u>2,206</u>	<u>(4,060)</u>	<u>(124)</u>	<u>(1,978)</u>

18 Capital commitments

	2020 £'000	2019 £'000
Commitments contracted for at 31 July	<u>1,655</u>	<u>-</u>

We entered into a contract with Brymor Construction in May 2019 to deliver our new teaching block for a contract sum of £7,885k, which together with internal commitment for related professional fees total £9,595k. The project is being funded by Government grant of £4m, additional bank borrowing of £1.5m with the college funding the balance. The project commenced in June 2019 with phase 2 being completion and handover of the building completed in November 2020, with phase 3, the car park and landscaping, due to complete in January 2021.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

19 Retirement benefits

The College's employees belong to two 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 Orbis Business Operations. Both are defined-benefit schemes.

Total pension cost for the year	2020	2019
	£'000	£'000
Teachers Pension Scheme: contributions paid	1,123	761
Local Government Pension Scheme:		
Contributions paid	421	388
FRS 102 charge	<u>589</u>	<u>458</u>
Charge to the Statement of Comprehensive Income	1,010	846
Total Pension Cost for Year within staff costs	<u>2,133</u>	<u>1,607</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

There were outstanding contributions of £189,151 (2019 £nil) at the end of the financial year.

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS 102 (28.11) the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultations are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion;
- discount rate is 2.4% in excess of CPI.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

19 Retirement benefits (continued)
Teachers' Pension Scheme (continued)

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 agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £1,165,000 (2019: £761,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by East Sussex County Council. The total contribution made for the year ended 31 July 2020 was £557,000 of which employer's contributions totalled £421,000 and employees' contributions totalled £136,000. The agreed contribution rates for future years are 19.5 % for employers and range from 5.5% to 12.5% for employees.

Principal Actuarial Assumptions

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.10%	2.80%
Rate of increase for pensions in payment / inflation	2.10%	2.40%
Discount rate for scheme liabilities	1.40%	2.10%
Inflation assumption (CPI)	2.10%	2.40%
Commutation of pensions to lump sums pre April 2008	50%	50%
Commutation of pensions to lump sums post April 2008	75%	75%

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

	At 31 July 2020	At 31 July 2019
Retiring today		
Males	21.60	21.20
Females	23.90	23.50
Retiring in 20 years		
Males	22.50	22.10
Females	25.30	24.90

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

19 Retirement benefits (continued)
Local Government Pension Scheme (Continued)

McCloud Judgement (Public service pensions age discrimination case) - a recent ruling by the Supreme Court has denied the Government's right to appeal the McCloud judgement and an estimate of the impact of that has been included within these financial statements as a past service cost. An 'adjustment factor' based on the Government Actuary's Department's figure of 3.2% per the issued report of June 2019, but reflecting the East Sussex Pension Fund's withdrawal, promotional and inflationary salary increase assumptions, has been included. The Actuary has not made any other adjustments to reflect potential differences from the scheme split between pre 2014 and post 2014 active liabilities. This 'adjustment factor' has been applied based on the employer's proportion of active liabilities.

These Actuarial assumptions have been reviewed and accepted by the college.

The college's estimated share of the assets in the scheme were:

	Value at 31 July 2020	Value at 31 July 2019
	£'000	£'000
Equities	6,978	6,466
Bonds	1,721	1,902
Property	765	856
Cash	96	285
Total market value of assets	<u>9,560</u>	<u>9,509</u>
Actual return on plan assets	<u>(300)</u>	<u>709</u>

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

	2020	2019
	£'000	£'000
Fair value of plan assets	9,560	9,509
Present value of plan liabilities	<u>(15,356)</u>	<u>(13,100)</u>
Net pensions liability	<u>(5,796)</u>	<u>(3,591)</u>

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

	2020	2019
	£'000	£'000
Current and past service costs	1,010	846
Net interest on the defined benefit pension liability	<u>82</u>	<u>68</u>
	<u>1,092</u>	<u>914</u>

Amounts included in Other Comprehensive Income

	2020	2019
	£'000	£'000
Return on pension plan assets	(504)	467
Changes in demographic assumptions	116	696
Changes in assumptions underlying the present value of plan liabilities	(1,157)	(1,974)
Other experiences	11	-
Amount recognised in Other Comprehensive Income	<u>(1,534)</u>	<u>(811)</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Notes to the Financial Statements (continued)

19 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined liability during the year

	2020	2019
	£'000	£'000
Deficit in scheme at 1 August	(3,591)	(2,254)
Movement in year:		
Current service cost	(1,010)	(793)
Employer contributions	421	388
Past service cost	-	(53)
Net interest/return on assets	(82)	(68)
Actuarial gain or loss	(1,534)	(811)
Deficit in scheme at 31 July	<u>(5,796)</u>	<u>(3,591)</u>

Asset and Liability Reconciliation

	2020	2019
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	13,100	10,720
Service cost	1,010	846
Interest cost	286	310
Contributions by Scheme participants	135	128
Changes in demographic assumptions	(116)	(696)
Changes in financial assumptions	1,157	1,974
other experience	(11)	-
Estimated benefits paid	(205)	(182)
Defined benefit obligations at end of period	<u>15,356</u>	<u>13,100</u>

Reconciliation of Assets

Fair value of assets at start of period	9,509	8,466
Interest on plan assets	204	242
Return on plan assets	(504)	467
Employer contributions	421	388
Contributions by Scheme participants	135	128
Estimated benefits paid	(205)	(182)
Fair value of assets at end of period	<u>9,560</u>	<u>9,509</u>

The estimated value of employer contributions for the year ended 31st July 2021 is £434,000

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

Notes to the Financial Statements (continued)

20 Contingencies

The College is currently in receipt of a pre-action letter by a student contesting their Centre Assessed Grade awarded by the College in Summer 2020. Confirmation that Centre Assessed grades were to be used came in August which is post year end so no financial provision has been made has been made in these accounts in relation to this matter. Further, legal advice is being sought and in view of the uncertainty it is not considered practical to estimate the potential liability at this stage.

21 Post balance sheet events

In 2019 the college agreed a new bank loan for £1,500,000 to partially fund the new teaching block, this was drawn down on 16 November 2020.

22 Financial Commitments

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

	2020 £'000	2019 £'000
Future minimum lease payments due		
Expiring within one year	19	19
Expiring within two and five years inclusive	19	20
	<u>38</u>	<u>39</u>

23 Related party transactions

The total expenses paid to or on behalf of the Governors during the year was £481; 1 governor (2019: £362; 1 governor). This represents travel expenses incurred in attending Governor meetings and training events.

One of our Governors is a Director of an IT firm who supply the college with IT network solutions. He is not involved in any element of agreeing requirements, creating the solution or pricing. The amount paid in 2020 was £101,164.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

Independent reporting Accountant's report on regularity to the Corporation of Brighton Hove and Sussex Sixth Form College and the Secretary of State for Education acting through the Education and Skills Funding Agency

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 5 November 2020 and further to the requirements of the funding agreement with the Education and Skills Funding Agency, to obtain limited assurance about whether the expenditure disbursed and income received by Brighton Hove and Sussex Sixth Form College during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2019 to 2020, (the ACOP), issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Education and Skills Funding Agency has other assurance arrangements in place.

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

Responsibilities of the Corporation of Brighton Hove and Sussex Sixth Form College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2020

Use of our Report

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

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14 December 2020

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