



Members' Report and Financial Statements

For the year ended 31 July 2020

KEY MANAGEMENT PERSONNEL, GOVERNING BODY AND PROFESSIONAL ADVISERS

KEY MANAGEMENT PERSONNEL

Key management personnel for York College are the members of the Strategic Leadership Team and were the following throughout 2019-20 (job titles as at the date of signing):

Lee Probert	Chief Executive, Principal and Accounting Officer
Louise Doswell	Deputy Chief Executive and Principal for Partnerships and Development
Graeme Murdoch	Deputy Chief Executive and Principal for Quality and Student Experience
Sharon Smith	Vice Principal for Higher, Vocational and Professional Education
Glyn Jones	Vice Principal for Academic and Applied Education
David Hawkins	Vice Principal for Finance and Professional Services

Governing Body

A full list of Governors is provided on pages 12 to 14 of these financial statements.

Sarah McKenzie acted as Director of Governance until May 2020. Gareth Catterson was appointed Interim Director of Governance from May 2020.

Professional Advisers

Financial Statements Auditors & Reporting Accountants:

RSM UK Audit LLP
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Internal Auditors:

RSM Risk Assurance Services LLP
(in office to 31 July 2020)
Central Square
29 Wellington Street
Leeds
LS1 4DL

TIAA Ltd (Appointed from 1 August 2020)
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers:

Barclays Bank Plc
2nd Floor
1 Park Row
Leeds
LS1 5AB

Solicitors:

Addleshaw Goddard LLP
Sovereign House
Sovereign Street
Leeds
LS1 1HQ

MEMBERS' REPORT AND FINANCIAL STATEMENTS

Contents	PAGE
Members' Report and Operating and Financial Review	1-11
Statement of Corporate Governance and Internal Control	12-20
Governing Body's Statement on the College's Regularity, Propriety and Compliance with Funding Body terms and conditions of funding	21
Statement of the Responsibilities of the Members of the Corporation	22
Independent Auditor's Report to the Corporation of York College	23-25
Statement of Comprehensive Income	26
Balance Sheet	27
Statement of Changes in Reserves	28
Statement of Cash Flows	29
Notes	30-53

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW

Nature, Objectives and Strategies

The members of the Governing Body present their report and the audited financial statements 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 York College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The College mission was last reviewed during the 2010-11 academic year and in July 2011, the following mission statement was adopted. This was the College's mission in the 2019-20 academic year.

'York College – Where everyone matters and a successful future begins'

York College's mission is to provide a life enhancing educational experience, through inspirational teaching, by working in partnership and helping individuals to be the best they can.

Public Benefit Statement

York College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 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 to 14.

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

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

- Widening participation in education and training and thereby helping to tackle social exclusion;
- Providing high quality teaching and learning and comprehensive systems of student support;
- Enhancing students' prospects for employment, further education or training;
- Supporting economic growth through its work with Local Enterprise Partnerships, employers and industry generally; and
- Supporting community development through its work with local communities and local authorities.

Implementation of strategic plan

In July 2019, the Corporation approved a strategic plan for the period 1 August 2019 to 31 July 2022. This strategic plan included details of the College's property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Implementation of Strategic Plan (continued)

The Corporation approved a new strategic plan in July 2020 for the period to 31 July 2025 including the following objectives:

- To deliver high quality education and training expecting excellence in all that we do.
- To facilitate the best possible student experience, developing students inside and outside the classroom.
- To develop, retain and invest in a talented staff team.
- To invest in resources maximising students' success and enabling innovation.
- To ensure long-term financial sustainability.
- To nurture partnerships which benefit students, staff, the City and region.

Whilst Covid-19 will have an impact on College finances, the financial resilience of the institution ensures that the above strategic objectives remain in place.

Reserves policy

The College's policy for the maintenance and development of its financial reserves reflects the ongoing fundamental changes taking place in the financial environment in which it operates. The policy was last approved in March 2019.

In approving this policy, the College's Governing Body recognised that if it is to achieve its mission and strategic objectives, it is essential for the College to be financially stable over the long term and that both of the following objectives need to be achieved:

- A consistent financial operating performance over time;
- A significant level of financial reserves to be retained. In the current strategic plan this equates to approximately £4m. Current levels of cash exceed £8m and are not forecast to fall below £6m in the next twelve months despite the impact of Covid-19 on certain income streams.

The Governing Body considered that, if achieved, this would provide sufficient financial reserves to both protect the College from the long term effects of unforeseen financial events and to provide the financial resources to fund future developments, when required.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial objectives

The Governing Body sets operational and strategic financial objectives, which incorporate specific and measurable financial performance measures. These measures focus on the need to generate both operating surpluses and positive cash flows to maintain the College's financial reserves and long term solvency. Whilst Covid-19 will have an impact on College finances, the strategic financial objectives stated below remain appropriate for the institution.

The College's strategic financial objectives were:

- To remain financially healthy and responsive to future changes in funding and other sources of income;
- To protect itself from unforeseen adverse changes in all income streams, including those arising from student enrolments;
- To generate sufficient income and cash to enable the College to meet the requirements of the College's 2019-22 Strategic Plan, including:
 - The provision of high quality teaching and learning and a student experience consistent with that of an outstanding college;
 - The recruitment, retention and development of appropriately skilled and motivated staff;
 - The maintenance and development of an appropriate range of accommodation, equipment and other resources; and
 - The continuous improvement of the College's activities and processes, including those relating to Health and Safety.
- To maintain the confidence of funders, suppliers, bankers, auditors and other key stakeholders.

The College achieved all of its strategic financial objectives in 2019-20.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Performance objectives

Performance objectives were approved by the Corporation to monitor the implementation of the College's financial strategy and the maintenance of its 'Outstanding' financial health status.

Performance Objective	Target	Actual Achieved
Net cash flow from operating activities as a % of income	5.2%	12.7%
Net cash flow	£1,383,000	£3,412,000
Cash days at 31 July 2020	97	112
Adjusted Current Ratio at 31 July 2020	3.50	3.30
Operating (Deficit)/Surplus before FRS 102 pension costs. (Operating Surplus excluding LGPS FRS102 charge of £1,226,000, LGPS net interest costs of £147,000 (per note 20) and £31,000 actuarial loss on enhanced pension.)	£1,000	(£168,000)
Borrowings as a percentage of income	0%	0%
Borrowings as a percentage of reserves	0%	0%
Annual debt and interest repayments as a percentage of income	0%	0%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website, which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of Outstanding is considered to be an excellent outcome for the College.

Financial position

In 2019-20, the College's financial performance resulted in a deficit of £1,572,000 (2019: a deficit of £1,156,000). Before LGPS FRS102 pension charges, pension interest costs and actuarial loss on enhanced pension, the College reported a deficit of £168,000 (2019: a surplus of £256,000).

The College has accumulated reserves of £20,966,000 and cash balances of £8,083,000.

Tangible fixed asset additions during the year amount to £2,586,000.

Mainly as a result of Covid-19 the defined benefit pension scheme deficit has grown to £17,084,000 (2019: a deficit of £7,214,000).

At 31 July 2020, the College had no subsidiary companies but has significant influence in the Yorkshire and Humber Institute of Technology Limited.

Treasury management policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions. The key objective of the College's treasury management activity is 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. Any borrowings or repayment of borrowings require the authorisation of the Governing Body and shall comply with the requirements of the College's conditions of funding.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Current and future development and performance

Cash flows and liquidity

In 2019-20, the College's operating cash flow was £3,412,000 (2019: £1,337,000).

At 31 July 2020, the College had no loans or leases outstanding and therefore will have no debt or lease servicing costs in future financial years.

Covid-19 has had an impact on the cashflow since March 2020 with the loss of some income streams and additional cost to ensure a safe working environment. The College has healthy cash balances and did not receive support from ESFA or other funders.

Student numbers

In 2019-20 the College has delivered learning activity that generated £19,656,000 in funding from its main funding body, the ESFA, (2019: £18,902,000). The College had approximately 5,174 students funded by the Education and Skills Funding Agency (or its predecessor bodies) and approximately 1,367 students with other sources of funding.

Student achievements

Students achieved 97.5% of their qualification aims in 2019-20 (2018-19: 94.9%).

Curriculum developments

The key initiatives in the year included:

- The ongoing implementation of key strategies affecting post 16 education, including the provision of work experience and placement opportunities within study programmes;
- The implementation of further curriculum change in response to the curriculum reforms including embedding the new A Levels, new technical qualifications in some areas and new more practical vocational programmes where appropriate for these students who have to retake GCSE English and/or maths and the changes to apprenticeship;
- Continuing to develop progression routes and opportunities between levels of study at the College, to facilitate greater progression to higher level technical and vocational education, employment and apprenticeships;
- The continued development of new provision in response to demand from employers and the requirements of the new apprenticeship standards and the positive impact of the Apprenticeship Levy including the development of higher level apprenticeships;
- Consolidating partnerships and providing our own distance learning provision so as to widen access and increase opportunities for learning for adult students without the need for physical attendance at the College;
- Preparation for a new T Level in Construction with those in Digital and Early Years being postponed until 2021/22;
- Growing and widening our adult education offer;
- The development of existing educational international partnerships;
- Validation of new HE programmes for 2020/21.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Current and future development and performance (continued)

Curriculum developments (continued)

- Prompt, managed and supported implementation of remote on-line learning across all programmes in response to Covid-19 and the national Lockdown including the development of adapted assessments on some vocational programmes and the delivery of delayed assessments where applicable in college from June.

These developments were underpinned by the ongoing cross college strategy to promote excellence in all aspects of teaching, learning and assessment, including the wider experience of students.

Events after the end of the reporting period

There were no significant post Balance Sheet events after the end of the reporting period.

Resources

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

Financial

The College has £20,966,000 of net assets (after a £17,084,000 FRS 102 pension liability).

Covid-19 has had a detrimental impact on the financial performance of the College in 2019-20 with the loss of some commercial income, in-house catering provision and the deferral of apprentice achievement monies. In addition to this, staff have continued to be paid in full with no access to the job retention scheme. Significant non-pay costs have also been incurred to support health and safety measures including PPE, hand sanitizer and special cleaning equipment. The impact of these income reductions and additional costs is in excess of the £168,000 operating deficit position reported. It would also mean achievement of the 2019-20 budget.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Current and future development and performance (continued)

People

The College employed 667 people, 293 of whom were teaching staff.

Reputation

The College has an excellent reputation locally, regionally and nationally. Maintaining this reputation is essential for the College's continued success in attracting students and in developing relationships with stakeholders.

The College has a long established reputation for excellence in teaching and learning. This has been demonstrated by the College being rated as Outstanding by Ofsted and, most recently in June 2017, by the confirmation of the College's Silver award under Office for Students Teaching Excellence Framework.

Principal risks and uncertainties

The College has undertaken further work during the year to develop and embed its system of internal control, including financial, operational and risk management. This work included continued development of those processes, which are designed to ensure the effective and efficient use of resources, to protect the solvency of the College and to safeguard its reputation and assets.

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventative actions to mitigate any potential impact on the College.

The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks which may arise from major developments being undertaken by the College.

A risk register is maintained at the strategic level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring and their potential impact on the College. Risks are prioritised using a consistent scoring system.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Current and future development and performance (continued)

Principal risks and uncertainties (continued)

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

1. Government funding

The College has considerable reliance on government funding through the further education sector funding body and Office for Students. In 2019-20, 87 % of the College's revenue was ultimately public funded. The movement to student loan based funding means that the level of funding direct from the government will continue to fall in future years. Given the scale and scope of planned changes to the methodologies by which public funding is allocated to colleges, there can be no assurance that government funding available to the College will continue at similar levels or on similar terms.

The College mitigates this risk by:

- Being rigorous in its delivery of high quality education and training;
- By focusing its development to support those priority sectors, which will continue to benefit from public funding;
- By ensuring funding continues to be derived through a range of direct and indirect contractual arrangements;
- By maintaining and investing in strong relationships with each of its funding bodies.

2. Maintain adequate funding of pension liabilities

The College's financial statements report its share of the Local Government Pension Scheme deficit within the Balance Sheet. This is in line with the requirements of FRS 102.

Stakeholder relationships

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

- Students;
- Local employers;
- The local communities of York and North Yorkshire;
- Staff;
- Education sector funding bodies;
- Local Authorities;
- FE Commissioner;
- Other further education colleges; and
- Trade unions and professional bodies.

The College recognises the importance of these relationships and engages regularly with its stakeholders through meetings and communication through both electronic and non-electronic media.

3. Covid-19

The College's financial statements report the impact of Covid-19 since March 2020. In preparing its budget for 2020-21 the College took a cautious but realistic view with an extended period of income reduction on certain commercial activities and some reduction in certain student numbers. The College has built a strong cash position with no debt and can therefore withstand a short term potential reduction in cash. Early reforecasting and monitoring through 2020-21 will be required to inform any corrective actions that may be required if the pandemic continues for an extended period.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Equality and diversity statement and the employment of disabled persons

York College is committed to ensuring equality of opportunity for all who learn and work at the College. The aim of the College's provision is to create an ethos whereby all individuals are valued and people treat each other with mutual respect regardless of age; disability; gender; gender re-assignment/transgender; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sexual orientation. York College is also committed to ensuring those with family responsibility; carer responsibilities; trade union responsibilities or unrelated criminal convictions are also able to succeed. The College strives vigorously to remove conditions which place people at a disadvantage and seek to actively combat discrimination.

The Equality and Diversity Policy and related procedures are resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy deals with all aspects of equality and diversity and is published on the College's intranet and website, alongside our Equality Objectives and Modern slavery Statement.

The College endeavours to assess all policies and procedures, plus key plans, practices and proposals as appropriate. This process is referred to as an 'equality impact assessment'. It is intended to help ensure that no individual or group of individuals is inadvertently discriminated against whilst studying or working at the College.

York College is committed to ensuring disabled people are not disadvantaged either during the recruitment and selection process or during their employment. The College provides practical support to current or prospective members of staff who have a disability or long term health condition. This can involve liaison with specialist organisations to ensure that the College provides the most appropriate support.

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 to disabled persons, which are the same as those available to other employees.

The College has been recognised as a level 2 Disability confident Employer. Previously known as the Two Ticks scheme, Disability Confident is a government run scheme, which works with employers to "remove barriers, increase understanding and ensure that disabled people have the opportunities to fulfil their potential and realise their aspirations".

Provision for students with learning difficulties and/or disabilities

Disability commitment

York College is committed to ensuring that disabled people, including those with learning difficulties, can access, participate and succeed in their learning. We will make all reasonable adjustments to ensure that disabled people are not substantially disadvantaged.

The College considers all applications, including those from people with learning difficulties and/or disabilities.

MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Provision for students with learning difficulties and/or disabilities (continued)

Disability commitment (continued)

The College's Student Charter applies equally to all students. This means that students who have learning difficulties and/or disabilities (LDD) are entitled to receive the same consideration as other students.

This is achieved through the following:

- a) The College campus is accessible and has been designed to facilitate access for disabled people;
- b) The College employs a team of well qualified and highly skilled Learning Support Mentors, Learning Support Practitioners and others who provide a wide range of additional learning support, advice and guidance to students with learning difficulties and/or disabilities;
- c) The Learning Support team also has a range of specialist equipment and software which can be loaned to students with learning difficulties and/or disabilities. There is a range of assistive technology available across the College;
- d) There is a continuing programme of staff development to facilitate and support the inclusion of people with LDD, as well as to update staff regarding wider disability issues and legislation;
- e) Specific programmes of study are available for students with learning difficulties.

In addition, specific support may be provided to enable these students to use particular facilities or services.

The College has received the 'A Good Place to Come' Award from the Children's Society/Disabled Young People.

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

Numbers of employees who were trade union officials during the relevant period	5
FTE employee number	4.8

Percentage of working hours spend on facility time	Number of employees
0%	
1-50%	5
51-99%	
100%	

Total cost of facility time	£10,351
Total pay bill	£19,853,000
Percentage of total bill spent on facility time	0.052%

Time spent on paid trade union activities as a percentage of total paid facility time	6.2%
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MEMBERS' REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

Going concern


After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the period through to 31 July 2022. This is evidenced through the submission of financial plans including cash flow projections and sensitivity analysis of operating performance. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has a healthy cash balance and no debt supporting a financially strong position and an 'outstanding' financial health rating. The College has not received any financial support but has prepared a budget for 2020-21 reflecting the potential impact of Covid-19. This budget indicates a deficit operating position with declining student numbers in higher education, international and full cost provision. It is forecast that cash will also decrease but not fall below £6m through 2020-21. Some staff restructuring took place in July 2020 with a voluntary severance scheme that will support cost control into 2020-21. Early reforecasting and monitoring of performance will inform any corrective action required.

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 14 December 2020 and signed on its behalf:


.....

S Collier

Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This statement is provided to enable readers of the Members' Report and Financial Statements to obtain a better understanding of the governance and legal structure of the College.

The College conducts 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. in full accordance with the guidance to colleges from the Association of Colleges in Code of Good Governance for English Colleges ; and
- iii. having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the College.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code of Good Governance for English Colleges. The College has not adopted and therefore does 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 sector.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In the opinion of the Corporation, the College complies with all the provisions of the Code of Good Governance for English Colleges, and it has complied throughout the year ended 31 July 2020.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also Trustees for the purpose of the Charities Act 2011, confirm that they have 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 follows:

Name	Date of most recent appointment	Term of office	Date of resignation	Status of appointment	Committees served
S Collier (Corporation Chair)	December 2016	4 years	-	Independent	<ul style="list-style-type: none"> • Employment & Skills • Remuneration; • People & Governance.
V Buckle	March 2017	4 years	-	Staff	<ul style="list-style-type: none"> • Finance & General Purposes
L Bush	January 2020	4 years	-	Independent	<ul style="list-style-type: none"> • Quality & Curriculum

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Name	Date of most recent appointment	Term of office	Date of resignation	Status of appointment	Committees served
J Commandeur	July 2018	4 years	-	Independent	<ul style="list-style-type: none"> • Finance & General Purposes • Remuneration • People & Governance
H Crews	August 2018	4 years	-	Independent	<ul style="list-style-type: none"> • Audit • Remuneration • People & Governance
J Dean	July 2020	4 years	-	Independent	<ul style="list-style-type: none"> • Audit
R Frogson	July 2016	4 years	July 2020	Independent	<ul style="list-style-type: none"> • Quality & Curriculum • Remuneration • People & Governance
R Hickey	January 2020	4 years	-	Independent	<ul style="list-style-type: none"> • Finance & General Purposes
A Hughes (Vice Chair)	December 2016	4 years	-	Independent	<ul style="list-style-type: none"> • Remuneration • People & Governance
D Inglis	September 2020	4 years	-	Independent	<ul style="list-style-type: none"> • Finance & General Purposes
I Looker (Chair Designate)	April 2020	4 years	-	Independent	<ul style="list-style-type: none"> • Quality & Curriculum
G Morrison	July 2020	1 year	-	HE Student	<ul style="list-style-type: none"> • Quality & Curriculum
K Moss	July 2018	4 years	-	Independent	<ul style="list-style-type: none"> • Audit • Remuneration • People and Governance
L Probert	Ex-Officio	-	-	Chief Executive and Principal/Accounting Officer	<ul style="list-style-type: none"> • Finance & General Purposes • Human Resources • Quality & Curriculum • People & Governance.
J Robinson	April 2018	4 years	-	Independent	<ul style="list-style-type: none"> • Quality & Curriculum
M Rushworth	September 2020	4 years	-	Staff	<ul style="list-style-type: none"> • Quality & Curriculum
A Thomas	December 2018	4 years	-	Independent	<ul style="list-style-type: none"> • Audit
F Thompson	October 2018	Until December 2020	-	Independent	<ul style="list-style-type: none"> • Human Resources • Remuneration • People & Governance
O Trotter	March 2017	4 years	-	Independent	<ul style="list-style-type: none"> • Finance & General Purposes
J Vincent	September 2019	1 year	July 2020	FE Student	<ul style="list-style-type: none"> • Quality & Curriculum
C Waters	March 2019	4 years	-	Independent	<ul style="list-style-type: none"> • Quality & Curriculum

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Co-opted committee members:

Name	Date of most recent appointment	Term of office	Date of resignation	Status of appointment	Committees served
S Carden	December 2018	4 years	-	Co-opted	• Employer & Skills
N Costello	March 2018	3 years	-	Co-opted	• Finance & General Purposes
J Ennis	April 2019	4 years	-	Co-opted	• Human Resources
D Johnson	July 2018	3 years	-	Co-opted	• Finance & General Purposes
M Jones	August 2018	3 years	-	Co-opted	• Human Resources
D King	December 2017	3 years	-	Co-opted	• Audit
C Runciman	July 2017	3 years	July 2020	Co-opted	• Quality & Curriculum

The term of office for Co-opted members was changed from 3 years to 4 years in 2018-19 to realign with other governors.

The Clerk to the Corporation maintains a register of financial and personal interests of governors. The register is available for inspection at the College address.

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 the Principal / Accounting Officer are separate.

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 known as the Director of Governance, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations.

At 31 July 2020, the Director of Governance was Gareth Catterson.

The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Changes to the governance framework due to COVID-19

The College has continued to pay suppliers under agreed terms. Agreements were reached with College transport providers to provide a continuation of service and support supplier cashflow.

Beginning with the extra ordinary Governing Body Meeting on the 19 March 2020, all Governing Body and Committee meetings were held virtually using Microsoft Teams. At the extra ordinary Governing Body Meeting on the 19 March 2020 a resolution was passed to change the Instrument of Government to allow for written resolutions. In addition, Standing Orders were changed to allow for written resolutions and to specify the conditions and arrangements for Chair's Action to be taken. A Virtual Meeting Protocol was agreed at a Governing Body meeting on the 29 April 2020.

All Governing Body and Committee meetings after March only considered business that was absolutely necessary to maintain the proper functioning of the College during lockdown and the partial reopening of the College in June 2020.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Corporation and committee meetings

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees include the Audit, Employer and Skills, Finance and General Purposes, Quality and Curriculum, Remuneration and People and Governance Committees. From September 2019, the HR Committee was dissolved to allow for strategic people discussions to be held at Search & Governance Committee in the presence of committee chairs. At this time, the Search & Governance Committee was renamed 'People and Governance Committee' to reflect this.

The number of committee meetings that took place during 2019-20 was as follows:

Audit	2	Quality & Curriculum	2
Employer & Skills	1	Remuneration	1
Finance & General Purposes	4	People & Governance	3

Meetings of the Audit and Quality & Curriculum Committees were cancelled in March owing to COVID-19. The Employer & Skills Committee was disbanded at the Governing Body meeting held on the 29 April 2020.

The number of Governing Body meetings that took place during 2019-20 was 7 of which 3 were extra ordinary meetings.

Formal agendas, papers and reports are supplied to governors prior to Corporation and Committee meetings in a timely manner. Briefings are also provided on an ad-hoc basis. An internal audit review of Governance was carried out to ensure that the governance arrangements have been applied in line with the Terms of Reference and Standing Orders confirming that Governors have fulfilled their roles and responsibilities. The report was presented to the Audit Committee on 21 May 2020 and indicated two low priority actions were required:

- The Schedule of Delegation was out of date. The updated Schedule of Delegation was approved by the Governing Body on 29 April 2020. Terms of Reference for every Committee have been revised to align with the updated Schedule and were approved by the Governing Body on 15 July 2020.
- The Public Value Statement should be aligned with the 2020-23 Strategic Plan. COVID-19 delayed the approval of the 2020-23 Strategic Plan until the Governing Body Meeting on the 15 July 2020 and therefore the revised Public Value Statement has yet to be written and approved.

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, personnel related matters such as health and safety and environmental issues. All Governing Body and Committee meetings after March only considered business that was absolutely necessary to maintain the proper functioning of the College during lockdown and the partial reopening of the College in June 2020.

Full minutes of all meetings are produced. Copies of all minutes, except those deemed to be confidential by the Corporation, are available on the College website (www.yorkcollege.ac.uk) or from the Director of Governance at the College address, which is York College, Sim Balk Lane, York YO23 2BB.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Corporation and committee meetings (continued)

Governor attendance at meetings during 2019-20 was as follows:

Name	Meeting Attendance			Name	Meeting Attendance		
	Corporation	Committee	Combined		Corporation	Committee	Combined
S Collier	100%	100%	100%	K Moss	50%	67%	56%
V Buckle	83%	40%	64%	L Probert	100%	100%	100%
J Commandeur	100%	75%	86%	J Robinson	100%	100%	100%
H Crews	83%	83%	83%	M Rushworth	83%	100%	88%
R Frogson	67%	50%	60%	A Thomas	33%	50%	38%
R Hickey	75%	100%	83%	F Thompson	100%	83%	92%
A Hughes	100%	50%	80%	O Trotter	67%	83%	75%
D Inglis	83%	75%	80%	J Vincent	33%	0%	25%
I Looker	100%	100%	100%	C Waters	83%	50%	75%
G Morrison	33%	50%	38%				

Co-opted governor attendance at meetings during 2019-20 was as follows:

Name	Meeting Attendance		Name	Meeting Attendance	
	Corporation	Committee		Corporation	Committee
S Carden	n/a	100%	D Johnson	n/a	75%
N Costello	n/a	25%	M Jones	n/a	67%
J Ennis	n/a	100%	D King	n/a	100%
A Entwistle	n/a	100%	C Runciman	n/a	100%

During 2019-20 overall governor attendance at Corporation and Committee meetings was 78% and 76% respectively (2018-19: 78% and 85% respectively).

Governor attendance at all meetings of the Corporation and its Committees in 2019-20 was 77% (2018-19: 82%).

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a People and Governance Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office of four years and will be eligible for re-appointment for one additional four-year term. Only in exceptional circumstances are Governors invited to serve for more than two four-year terms and these are explained when they occur.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Remuneration Committee

Throughout the year ending 31 July 2020, the College's Remuneration Committee comprised six members. The Committee's responsibilities include making recommendations to the Corporation on the remuneration and benefits of the Principal / Accounting Officer, other senior post-holders and the Director of Governance.

In the financial year 2019-20 the College continued to adopt the AoC's Senior staff remuneration code. Details of remuneration for the year ended 31 July 2020 are set out in Note 7 to the financial statements.

Audit Committee

The composition of the Audit Committee has changed during the year. It now comprises four members of the Corporation (who exclude the Chair and the Principal / Accounting Officer) and three independent co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, system of internal control and risk management control, and its processes for the effective and efficient use of resources and safeguarding the College's assets and solvency.

The Audit Committee meets on a termly basis under normal circumstances but, owing to COVID-19, this year it did not meet in the Spring term. It provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers audit and assurance reports from the main FE funding bodies, as they affect the College's activities.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to both management and the Audit Committee as well as reporting annually to the Corporation.

Management is responsible for the implementation of 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 financial statements auditors and their remuneration for both audit and non-audit work.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The internal auditors were unable to complete two of the scheduled audits for 2019-20 although five other audits were concluded in-year. No control risks were identified. The College has for a number of years retained substantial amounts of internal audit support which has provided additional assurance for the Corporation. The College had in excess of 25 days of internal audit and the reports that were concluded were not considered to be on critical matters and no critical and or significant control deficiencies were noted.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal control

Scope of responsibility

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

The Corporation has delegated the day to day responsibility to the Chief Executive and 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 conditions of funding between York 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 York College for the year ended 31 July 2020 and up to the date of approval of the Member's Report and Financial Statements.

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 financial statements.

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 performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate; and
- consideration by Committees of the risks associated with their area of oversight and the reporting of any concerns to the Governing Body.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal control (continued)

Review of effectiveness

The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors in their management letter and other reports.

The Accounting Officer has been advised on the implications of the result of the 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 Strategic Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Strategic Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership 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 Leadership Team and the internal audit service and taking account of events since 31 July 2020.

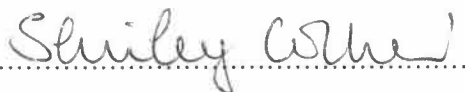
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal control (continued)


Review of effectiveness (continued)

Based on the advice of the Audit Committee and the Principal, as Accounting Officer, the Corporation is of the opinion that the College does have an adequate 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 College and safeguarding its assets'*.

Approved by order of the members of the Corporation on 14th December 2020 and signed on its behalf.


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S Collier
Chair


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L Probert
Chief Executive, Principal and Accounting Officer

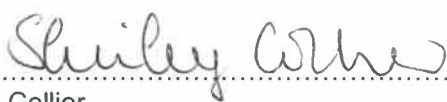
GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

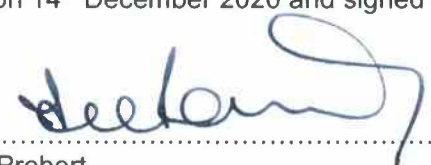
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the Corporation's grant funding agreements and contracts with ESFA. As part of our consideration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

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

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

Approved by order of the members of the Corporation on 14th December 2020 and signed on its behalf.


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S Collier
Chair


.....
L Probert
Chief Executive, Principal and Accounting Officer

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Corporation's conditions of funding and the Funding Agreements with the ESFA and any relevant funding bodies, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education FE HE SORP* and with the *College Accounts Direction 2019 to 2020* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Corporation will continue in operation

The Corporation is also required to prepare a Members' Report and Operating and Financial Review, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which 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 such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the Corporation and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Corporation website is the responsibility of the Corporation 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 and any other public funds are used only in accordance with the ESFA's grant funding agreements and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2020 and signed on its behalf by:


.....
S Collier
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE

Opinion

We have audited the financial statements of York College (the 'College') for the year ended 31 July 2020 which comprise the College statement of comprehensive income, the College balance sheet, the College statement of changes in reserves, the College 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.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE (CONTINUED)

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 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.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of York College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 22, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE (CONTINUED)

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 26 October 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 LLP

RSM UK AUDIT LLP
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Date 17/12/2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

	Note	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Income			
Funding body grants	2	21,386	20,027
Tuition fees and education contracts	3	4,027	4,412
Other grants and contracts	4	78	184
Other income	5	1,423	1,922
Investment income	6	38	41
Total income		26,952	26,586
Expenditure			
Staff costs	7	20,223	19,311
Other operating costs	8	5,983	6,351
Depreciation	11	2,174	2,001
Interest and other finance costs	9	147	74
Total expenditure		28,527	27,737
(Deficit) before other gains and losses		(1,575)	(1,151)
Profit(Loss) on the disposal of assets		3	(5)
(Deficit) before taxation		(1,572)	(1,156)
Operating (Deficit)/Surplus before other gains and losses and FRS 102 pension adjustments		(168)	256
Pension adjustments		(1,404)	(1,412)
Taxation	10	-	-
(Deficit) for the year		(1,572)	(1,156)
Remeasurement of net defined benefit pension liability	19	(8,497)	(2,693)
Total comprehensive income for the year and attributable to the Corporation of the College		(10,069)	(3,849)

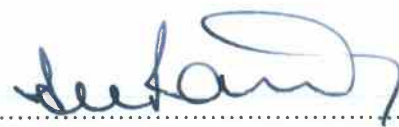
The notes on pages 30 to 53 form part of the financial statements

BALANCE SHEET AS AT 31 JULY 2020

	Note	2020 £'000	2019 £'000
Non current assets			
Tangible fixed assets	11	49,603	49,193
Current assets			
Stocks		16	22
Trade and other receivables	12	800	855
Cash at bank and in hand		8,083	7,074
		<u>8,899</u>	<u>7,951</u>
Current liabilities			
Creditors: Amounts falling due within one year	13	<u>(3,444)</u>	<u>(2,670)</u>
Net current assets		<u>5,455</u>	<u>5,281</u>
Total assets less current liabilities		<u>55,058</u>	<u>54,474</u>
Creditors: Amounts falling due after more than one year	14	(16,126)	(15,326)
Provisions for liabilities			
Defined benefit pension scheme	15	(17,084)	(7,214)
Other provisions	15	<u>(882)</u>	<u>(899)</u>
Total net assets		<u>20,966</u>	<u>31,035</u>
Restricted reserves		7	7
Unrestricted reserves			
Income and expenditure reserve		20,106	30,175
Revaluation reserve		853	853
Attributable to the College Corporation		<u>20,959</u>	<u>31,028</u>
Total reserves		<u>20,966</u>	<u>31,035</u>

The financial statements on pages 26 to 53 were approved and authorised for issue by the Corporation on 14 December 2020 and were signed on its behalf by:


.....
S Collier
Chair


.....
L Probert
Chief Executive, Principal & Accounting Officer

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2020

	Restricted Reserve £'000	Unrestricted Income and Expenditure Reserve £'000	Unrestricted Revaluation Reserve £'000	Total Unrestricted Reserves £'000	Total Reserves £'000
Balance at 1 August 2018	7	34,024	853	34,877	34,884
(Deficit) from the income and expenditure account	-	(1,156)	-	(1,156)	(1,156)
Other comprehensive income	-	(2,693)	-	(2,693)	(2,693)
Balance at 31 July 2019	7	30,175	853	31,028	31,035
(Deficit) from the income and expenditure account	-	(1,572)	-	(1,572)	(1,572)
Other comprehensive income	-	(8,497)	-	(8,497)	(8,497)
Balance at 31 July 2020	7	20,106	853	20,959	20,966

The notes on pages 30 to 53 form part of the financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	2020	2019
	£000	£000
Cash flow from operating activities		
Deficit for the year	(1,572)	(1,156)
Adjustment for non-cash items		
Depreciation	2,174	2,001
Decrease/(increase) in stocks	6	(2)
Decrease in debtors	53	51
Increase/(decrease) in creditors due within one year	637	(334)
Increase/(decrease) in creditors due after one year	800	(551)
Increase/(decrease) in provisions	(17)	28
Pensions costs less contributions payable	1,225	1,262
Adjustment for investing or financing activities		
Investment income	(38)	(41)
Interest / finance costs payable	147	74
(Profit) / loss on sale of fixed assets	(3)	5
Net cash flow from operating activities	3,412	1,337
Cash flows from investing activities		
Proceeds from sale of fixed assets	6	5
Investment income	40	40
Withdrawal of deposits	7,168	4,135
New deposits	(7,168)	(4,135)
Payments made to acquire fixed assets	(2,449)	(768)
	(2,403)	(723)
Increase in cash and cash equivalents in the year	1,009	614
Cash and cash equivalents at beginning of year	7,074	6,460
Cash and cash equivalents at end of year	8,083	7,074

The notes on pages 30 to 53 form part of the financial statements.

A net debt reconciliation is not presented as the College does not have any debt

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020

1. Statement of accounting policies and estimation techniques

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

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice*, the *College Accounts Direction for 2019 to 2020* and Regulatory Advice 9; Accounts Direction issued by OfS and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

Basis of consolidation

At 31 July 2020, the College had no subsidiary companies. A joint venture activity commenced on 17 July 2019 with the formation of the Yorkshire and Humber Institute of Technology Limited. This is a company limited by guarantee with eight other partners.

In accordance with Financial Reporting Standard FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

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 and Operating and Financial Review. The financial position of the College, its cash-flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently generates positive operating cash flows contributing towards a healthy bank balance and reserves position. In addition, the College has no loans outstanding at 31 July 2020. This healthy cash balance and no debt supports a financially strong position and an 'outstanding' financial health rating. The 2020-21 budget reflects the potential reduction in some income streams and additional costs as a result of Covid-19. A budget deficit operating position has been set with a declining cash balance although it is not forecast to fall below £6m through 2020-21.

The financial plan including cash flow forecasts prepared for the period to July 2022 does not show a deterioration in this position.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the twelve months to December 2021, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

- Revenue grant funding

Government revenue grants including funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Recognition of income (continued)

16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

- Capital grant funding

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

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

- Fee income

Income from tuition fees is stated gross of any expenditure that is not a discount and is recognised in the period for which it is received. This includes all fees payable by students or their sponsors.

- Investment income

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

Accounting for Post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Local Government Pension Scheme (LGPS)

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

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

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

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 that the College expects to pay as a result of the unused entitlement.

Enhanced pensions

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

Non-current assets – tangible fixed assets

Cost

Measurement and valuation

The College accounts for the value of tangible fixed assets at cost less accumulated depreciation and accumulated impairment losses. This also includes any costs that are directly attributable to bringing the asset into working condition for its intended use.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Non-current assets – tangible fixed assets (continued)

Cost measurement and valuation (continued)

The cost of a tangible fixed asset, whether acquired or self-constructed, can include the following costs:

- The purchase or construction cost of the asset including any irrecoverable Value Added Tax. This is after deducting any trade discounts or rebates;
- Any additional acquisition costs, such as stamp duty or import duties;
- Any initial delivery or handling costs;
- Any costs of installation and commissioning the asset;
- Any cost of site preparation and clearance;
- Any professional fees, including legal, architect or engineering fees; and
- Any other costs directly attributable to bringing the asset into working use, including software essential to the operation of the asset.

The capitalisation of directly attributable costs ceases when all activities needed to get the tangible fixed asset ready for use, are complete. This is the case, even if the asset has not yet been brought into use.

The cost of tangible fixed assets does not include the following:

- Finance costs attributable to the purchase or construction of tangible fixed assets; and
- The value of the time of the College's own staff attributable to bringing a tangible fixed asset into working use.

Land and buildings

Land transferred from North Yorkshire County Council upon Incorporation is valued on the College's balance sheet on the basis of depreciated replacement cost.

Land and buildings acquired since Incorporation are included in the balance sheet at cost.

When an asset is donated to the College, the initial valuation of the asset is the current value of the asset at the date it is received.

Depreciation

College owned freehold land is not depreciated as it is considered to have an infinite life.

Freehold and leasehold buildings are depreciated over their expected useful life to the College as follows:

Buildings	Between 40 and 60 years
Specialist facilities (e.g. all weather pitch, multi-use games area, etc.)	Between 10 and 25 years

Where land and buildings are acquired with the aid of specific grants, these assets are depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset.

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.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Subsequent expenditure on existing fixed assets

Once in use, where significant expenditure is incurred on tangible fixed assets, it is charged to the Statement of Comprehensive Income 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:

- The market value of the fixed asset has subsequently improved;
- The asset's capacity has been increased;
- There have been substantial improvements in the quality of output or reduction in operating costs; and
- There has been a significant extension of the asset's life beyond that conferred by repair and maintenance.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2020. They are not depreciated until they are brought into use.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Depreciation

Equipment is depreciated over its useful economic life as follows:

IT Hardware and Software	Between 3 and 6 years
Motor vehicles and general equipment	Between 3 and 20 years
Fixtures and fittings	Between 10 and 35 years

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

All leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as finance leases.

Assets held under finance leases are recognised initially at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Leased assets (continued)

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

Jointly Controlled Entities

Entities in which the College has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. The College's investment in jointly controlled entities is accounted for using the cost model and is stated net of any cumulative impairment losses. Distributions from the jointly controlled entity are recognised in income at the point of entitlement.

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 Instruments

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

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measure at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on its inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

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

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

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

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

Agency arrangements

The College acts as an agent in the collection and payment of certain bursary support funds. Related payments received from funding body and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit to the transaction.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

1. Statement of accounting policies and estimation techniques (continued)

Critical accounting judgements and 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 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 and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Impairment**

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

- **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 or (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.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

2. Funding body grants

	2020	2019
	£000	£000
Recurrent Grants:		
Education and Skills Funding Agency – 16-18	15,744	15,165
Education and Skills Funding Agency – Adult	1,291	1,329
Education and Skills Funding Agency – Apprenticeships	2,621	2,408
Office for Students	201	258
Specific Grants:		
Apprentice Employer Additional payments	180	181
Teacher Pension Scheme contribution grant	576	-
Other ESFA grants	58	27
Institute of Technology	50	80
Release of Government capital grants	665	579
	<u>21,386</u>	<u>20,027</u>

3. Tuition fees and education contracts

	2020	2019
	£000	£000
Adult education fees	96	134
Apprenticeship fees and contracts	68	99
Fees for FE loan supported courses	544	659
Fees for HE loan supported courses	1,589	1,719
International student fees	461	468
Total tuition fees	2,758	3,079
Education contracts	<u>1,269</u>	<u>1,333</u>
	<u>4,027</u>	<u>4,412</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

3. Tuition fees and education contracts (continued)

Details of grant and fee income

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Grant income from the Office for Students	201	258
Grant income from other bodies	21,185	19,769
Fees income for taught awards (exclusive of VAT)	4,027	4,412
Fee income for research awards (exclusive of VAT)	-	-
Total grant and fee income	25,413	24,439

4. Other grants and contracts

	2020 £000	2019 £000
UK based charities	25	33
European Commission	11	58
Other grants and contacts	42	93
	78	184

5. Other income

	2020 £000	2019 £000
Catering and residencies	489	693
Other income generating activities	142	182
Non-government capital grants	5	5
Miscellaneous income	787	1,042
Total	1,423	1,922

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

6. Investment income

	2020	2019
	£000	£000
Other investment income	38	41
Total	<u>38</u>	<u>41</u>

7. Staff costs

The average number of persons (including key management personnel) employed by the college during the year, disclosed on an average headcount basis, was:

	2020	2019
Teaching staff	293	285
Non teaching staff	374	399
Total	<u>667</u>	<u>684</u>

Previously staff numbers have been disclosed as full time equivalents. In accordance with the Accounts Direction 2019 to 2020, staff numbers are disclosed on an average headcount basis. Comparatives have been restated to reflect this change. The numbers above includes staff members employed through contracting out arrangements

Staff costs for the above persons	2020	2019
	£000	£000
Wages and salaries	14,352	14,304
Social security costs	1,284	1,197
Other pension costs	4,093	3,614
Payroll sub total	<u>19,729</u>	<u>19,115</u>
Contracted out services	124	196
	<u>19,853</u>	<u>19,311</u>
Restructuring costs – contractual	346	-
Restructuring costs – Non contractual	24	-
Total	<u>20,223</u>	<u>19,311</u>

Restructuring costs were approved by the Corporation

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 Strategic Leadership Team. This comprised the Chief Executive and Principal, two Deputy Principals and three Vice Principals in the period to 31 July 2020.

No payments were made to key management personnel for loss of office in either financial year.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

7. Staff costs (continued)

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

	2020 No.	2019 No.
The number of key management personnel, including the Accounting Officer was	6	9

The number of key management personnel who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	2020 Key Management Personnel	2019 Key Management Personnel
£45,001-£50,000	-	1
£65,001-£70,000	-	2
£70,001-£75,000	1	-
£85,001-£90,000	4	4
£120,001-£125,000	-	1
£140,001-£145,000	1	1
Total	6	9

No other staff received annual emoluments above £60,000.

Key management personnel compensation including the Accounting Officer is made up as follows:

	2020 £'000	2019 £'000
Salaries	561	614
Benefits in kind	2	2
Pension contributions	120	86
Total	683	702

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

7. Staff costs (continued)

Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

Total key management personnel compensation include amounts payable to the current Accounting Officer (who is the highest paid officer) of:

	2020 £'000	2019 £'000
Salaries	141	23
Benefits in kind	-	-
	<u>141</u>	<u>23</u>
Pension contributions	<u>33</u>	<u>4</u>
Total compensation	<u>174</u>	<u>27</u>

Total key management personnel compensation include amounts payable to the former Accounting Officer, to May 2019 (who is the highest paid officer) of:

	2020 £'000	2019 £'000
Salaries	-	113
Benefits in kind	-	-
	<u>-</u>	<u>113</u>
Pension contributions	<u>-</u>	<u>17</u>
Total compensation	<u>-</u>	<u>130</u>

The pension contributions in respect of the Principal and other key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Fund and are paid at the same rate as for other employees. There has been a significant increase in Teachers' Pension Scheme contribution rates from 16.48% in 2018-19 to 23.68% in 2019-20.

The remuneration of the Accounting Officer for 2019-20 was determined on 2 April 2020 by the College's Remuneration Committee. The accounting officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2020 included sector data on pay of accounting officers and benchmarking to the broader market. A specific benchmarking exercise took place in 2019 on the change in Accounting Officer. The remuneration of key management staff including the Principal and Chief Executive follow the adopted AoC Senior Staff Remuneration Code and assesses pay in line with its principles.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

7. Staff costs (continued)

Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

A similar approach was used to determine the remuneration of other key management personnel.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2020 No	2019 No
Basic salary as a multiple of median basic salary of staff	5.3	5.3
Total remuneration as a multiple of median total remuneration of staff	5.6	5.3

The above calculations are based on the guidance issued by the Office for Students. The calculations include costs of all salaried staff. Agency staff costs are not included in the calculation, as the data is not readily available. The cost of agency staff is only 1.6% of total wages and salaries and therefore deemed to have no material effect.

Governors' remuneration

The Accounting Officers and the staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors.

The total expenses paid to or on behalf of the Governors during the year was £784 to three governors (2019: £307 to three governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending meetings, training and other events in their official capacity.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

8. Other operating expenses

	2020	2019
	£'000	£'000
Teaching staff	1,619	1,846
Non-teaching costs	2,875	2,934
Premises costs	1,489	1,571
Total	5,983	6,351

Other operating expenses include:

Auditors remuneration		
Financial statements audit	24	22
Internal audit	16	22
Other services from auditors	-	5
Operating lease rentals	25	25

9. Interest and other finance costs

	2020	2019
	£'000	£'000
Pension finance costs (Note 19)	147	74
Total	147	74

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

10. Taxation

The Corporation does not believe the College was liable for any corporation tax arising from its activities during either period.

11. Tangible fixed assets

	Freehold land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2019	54,648	15,970	70,618
Additions	1,091	1,495	2,586
Disposals	-	(148)	(148)
At 31 July 2020	<u>55,739</u>	<u>17,317</u>	<u>73,056</u>
Depreciation			
At 31 July 2019	11,863	9,562	21,425
Charge for the period	959	1,215	2,174
Elimination in respect of disposal	-	(146)	(146)
At 31 July 2020	<u>12,822</u>	<u>10,631</u>	<u>23,453</u>
Carrying amount at 31 July 2020	<u>42,917</u>	<u>6,686</u>	<u>49,603</u>
Carrying amount at 31 July 2019	<u>42,785</u>	<u>6,408</u>	<u>49,193</u>

Land and buildings includes land valued at £853,000 (2019: £853,000) that is not depreciated.

If inherited land had not been valued, they would have been included at the following amounts:

	£000
Cost	Nil
Aggregate depreciation based on cost	<u>Nil</u>
Carrying amount based on cost	<u>Nil</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

12. Trade and other receivables

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Trade receivables	134	210
Other receivables	82	12
Prepayments and accrued income	359	359
Amounts owed by the Education and Skills Funding Agency	225	274
	<hr/>	<hr/>
Total	800	855

13. Creditors: Amounts falling due within one year

	2020	2019
	£'000	£'000
Trade payables	1,103	438
Other taxation and social security	346	306
Other creditors	701	550
Accruals and deferred income	574	761
Government capital grants	688	575
Government revenue grants	-	4
Amounts owed to the Education and Skills Funding Agency	32	36
	<hr/>	<hr/>
Total	3,444	2,670

14. Creditors: Amounts falling due after more than one year

	2020	2019
	£'000	£'000
Government capital grants	16,126	15,326
	<hr/>	<hr/>
Total	16,126	15,326

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

15. Provisions

	Defined benefit obligations £'000	Enhanced pension provision £'000	Total £'000
At 31 August 2019	7,214	899	8,113
Utilised in the period	(1,048)	(66)	(1,114)
Additions in the period	10,918	49	10,967
At 31 July 2020	17,084	882	17,966

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

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

	2020	2019
Price inflation	2.2%	2.2%
Interest rate	1.3%	2.0%

16. Capital commitments

	2020 £'000	2019 £'000
Commitments contracted for at 31 July 2020	445	22

17. Events after the reporting period

There were no events after the reporting period.

18. Lease obligations

At 31 July 2020, the College had minimum lease payments under non-cancellable operating leases as follows:

	2020 £'000	2019 £'000
Future minimum lease payments due		
Vehicles		
Not later than one year	25	25
Later than one year and not later than five years	3	28
	28	53

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

19. Defined benefit obligations

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

Total pension cost for the year	2020	2019
	£'000	£'000
Included in Staff Costs in respect of:		
Teachers' Pension Scheme: contributions paid	1,746	1,166
Local Government Pension Scheme:		
Contributions paid	1,073	1,090
FRS 102 (28) charge	<u>1,225</u>	<u>1,262</u>
Charge to the Statement of Comprehensive income	2,298	2,352
Enhanced Pension charge to the Statement of Comprehensive income	<u>49</u>	<u>96</u>
Total Pension costs included in staff costs for the year	<u>4,093</u>	<u>3,614</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.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

19. Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer contributions 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.

The pension costs paid to TPS in the year amounted to £2,390,000 of which employer contributions totalled £1,746,000 and employee contributions totalled £644,000 (2019: £1,800,000 of which employer contributions totalled £1,166,000 and employee contributions totalled £634,000).

The next valuation result is due to be implemented from 1 April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by North Yorkshire County Council. The total contribution made for the year ended 31 July 2020 was £1,437,000 of which employer contributions totalled £1,073,000 and employee contributions totalled £364,000.

Principal actuarial assumptions

The following information is based on a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.55%	3.45%
Future pensions increase	2.30%	2.20%
Discount rate for scheme liabilities	1.40%	2.20%
Inflation assumption (CPI)	2.30%	2.20%
Commutation of pensions to lump sum at retirement	75%	75%

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

19. Defined benefit obligations (continued)

Principal actuarial assumptions (continued)

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
Aged 65 at accounting date		
Males	21.8	21.9
Females	23.9	25.1
Aged 45 at accounting date		
Males	23.5	23.6
Females	25.7	26.9

The College's share of the assets in the plan at the balance sheet date.

	Fair value at 31 July 2020 £'000	Fair value at 31 July 2019 £'000
Equity instruments	28,472	25,633
Government bonds	9,619	8,456
Property	3,174	3,453
Cash	1,731	1,992
Other	5,098	4,737
Total fair value of assets	<u>48,094</u>	<u>44,271</u>
Actual return on plan assets	<u>3,442</u>	<u>2,721</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

19. Defined benefit obligations (continued)

Principal actuarial assumptions (continued)

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

	2020 £'000	2019 £'000
Fair value of plan assets	48,094	44,271
Present value of plan liabilities	(65,178)	(51,485)
Net pensions (liability)	<u>(17,084)</u>	<u>(7,214)</u>

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

Amounts included in staff cost

	2020 £'000	2019 £'000
Current service cost	2,298	1,781
Past service cost	-	573
Total	<u>2,298</u>	<u>2,354</u>

Amounts included in interest and other finance costs

Net interest cost	147	74
Total	<u>147</u>	<u>74</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	2,464	1,575
Experience (losses) / gains arising on defined benefit obligations	(10,961)	(4,268)
Amounts recognised in Other Comprehensive Income	<u>(8,497)</u>	<u>(2,693)</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

19. Defined benefit obligations (continued)

	2020 £'000	2019 £'000
Changes in present value of defined benefit obligations		
Defined benefit obligations at start of period	51,485	43,463
Current service cost	2,298	1,781
Interest cost	1,125	1,220
Contributions by scheme participants	357	366
Actuarial losses on defined benefit	10,961	4,268
Estimated benefits paid	(1,048)	(186)
Past service cost	-	573
	<hr/>	<hr/>
Defined benefit obligations at end of period	<u>65,178</u>	<u>51,485</u>

Change in fair value of plan assets

Reconciliation of Assets

Fair value of assets at start of period	44,271	40,278
Interest income on assets	978	1,146
Gain/(loss) on assets	2,464	1,575
Employer contributions	1,072	1,092
Contributions by scheme participants	357	366
Estimated benefits paid	(1,048)	(186)
	<hr/>	<hr/>
Fair value of plan assets at end of period	<u>48,094</u>	<u>44,271</u>

20. Related party transactions

Key management compensation disclosure is given in Note 7.

21. Access and participation expenditure

	2020 £'000
Access investment	12
Financial support provided to students	47
Support for disabled students	8
Research and evaluation related to access and participation	-
	<hr/>
Total access and participation expenditure	<u>67</u>

The College's access and participation plan is available on the College's website at:
<http://www.yorkcollege.ac.uk/course-types/higher-education/3093-access-participation.html>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2020 (CONTINUED)

22. Interests in jointly controlled entities

The College has a long term interest and shares control under a contractual arrangement in Yorkshire and Humber Institute of Technology Limited, a private company limited by guarantee incorporated in England and Wales on the 17 July 2019.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK 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 26 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by York 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 "Code") 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 ESFA has other assurance arrangements in place.

We are independent of the York 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 Corporation of York College for regularity

The Corporation of York 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 York College is also responsible for preparing the Governing Body'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 Code.

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.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Reporting accountant's responsibilities for reporting on regularity (continued)

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 grant funding agreements and contracts with the ESFA 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.

Use of our report

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

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Date

17/12/2020