

# **THE BLACKPOOL SIXTH FORM COLLEGE**

**Report and Financial Statements  
For the Year Ended 31 July 2015**

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## Operating and Financial Review

### Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2015.

### Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting The Blackpool Sixth Form College. The college is an exempt charity for the purposes of the Charities Act 2011.

The Corporation was incorporated as The Blackpool Sixth Form College.

### Mission

The mission statement for the college as approved by the members is:

***Inspiring learning, developing mind and character, building your future***

### Public Benefit

The college is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Education as Principal Regulator for all Sixth Form Colleges in England. The members of the Corporation, who are trustees of the charity, are disclosed on page 14. In setting and reviewing the college's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. 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.

The delivery of public benefit is illustrated throughout this report and the college has its own Public Values Statement.

### Implementation of Strategic Development Plan

In July each year the college's one year Strategic Development Plan is issued with the most recent being for the period 1 August 2015 to 31 July 2016. The strategic plan addresses the college's aims and objectives for the coming year. The Corporation monitors the performance of the college against this plan. The Strategic Development Plan is reviewed and updated each year. The college's Strategic Aims are:

- **Standards:** To promote a culture of continuous improvement so that we always aspire to be the best we can be.
- **Curriculum:** To provide a diverse, enriched and valid curriculum offer which teaches skills relevant to the 21<sup>st</sup> century and meets the needs of all our students, higher education, employers and our local community.
- **Support:** To engender purposeful learning and behaviours so that all students are prepared effectively for success now and in their future careers.

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- **Leadership:** To sustain a learning college in a highly effective organisational structure where staff are inspired to excel and access excellent career development opportunities.

Some of the specific targets in the 2014-2015 strategic development plan which either directly or indirectly affect the financial status of the college were:

- Maintain salary costs at or below 70% of income
- Further improve the outstanding facilities by adding 8 additional classrooms in the Ribble extension by August 2015.

Both of these targets have been achieved in 2014-15.

Some of the specific targets which either directly or indirectly demonstrate the public benefit of the college were:

- For non HE leavers, ensure that at least 80% of those choosing employment as a next step access employment with training
- Evaluate whether our course offer meets the needs of local employers
- Schemes of work and the delivery of all courses ensure students' literacy and numeracy skills are developed to meet exam and employer needs
- Increase student participation in community volunteering or work experience
- Expand links with those local employers who offer level 3 or 4 employment opportunities

The college is on target for achieving these and the remaining strategic development plan objectives, bar one, for the year 2014-15.

The target included in the strategic development plan for 2015-16 which directly covers the financial status of the college is:

- Maintain our financial health grade at good or above

In 2015-16 some specific targets which either directly or indirectly demonstrate the public benefit of the college include:

- Ensure 97% of leavers enter higher education, employment with training or an apprenticeship
- Create a Volunteering Academy
- Increase the number of students undertaking volunteering or work experience
- Take a strategic lead with the Fylde Coast Teaching School
- Strengthen our reputation as an excellent employer

### Financial Objectives

The college remains committed to strong financial management. It is the college's long term aim to retain its financial health grade "Outstanding" under the financial health measures. To achieve this it will continue to:

- set realistic budgets which are monitored regularly;
- produce timely and accurate financial reports for Senior Leadership and the Corporation;

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- work closely with the main funding authorities and keep abreast of funding developments;
- ensure that expenditure is approved and represents Value for Money;
- have in place effective Financial Regulations and Procedures;
- monitor cash flows;
- balance income and expenditure in any financial year and work to avoid any deficits and to effect surpluses;
- include financial analysis as an integral part of the college's decision making processes, including in relation to capital projects;
- seek alternative sources of income without prejudicing the college's primary mission;
- ensure any borrowings to finance capital projects are affordable and within EFA guidelines;
- closely monitor capital projects and their affect on college finances;
- closely monitor business planning processes and curriculum development to ensure efficient staffing levels; and
- seek revenue savings through energy efficiencies, the reduction in reactive maintenance expenditure, effective procurement and the use of consortia and networks.

### Performance Indicators

The college is committed to observing the importance of sector measures and indicators including the use of ALPS to measure value added. The college is required to complete the annual Finance Record for the Education Funding Agency ("EFA"). The Finance Record produces a financial health grading which shows the college as having a rating of "outstanding".

College's own internal data shows the following results against its key performance indicators:

As at the end of October 2015 the 2014-15 data is showing that more than 81% of students have gone on to higher education. This is a fall from 2013-14 but there has been a corresponding increase of 2 percentage points to 14% of students who have gone on to further education, an apprenticeship, the armed forces or employment and a 2 percentage point increase to 4% of students embarking on a gap year. There are currently 1% of students from whom we have been unable to collect the data about their destination.

The college also has an OFSTED "Outstanding" grade for Inspection (May 2009). The Education Funding Agency assessed our Financial Health as at 31<sup>st</sup> July 2014 as "Outstanding" in line with the previous year's assessment.

The college also measures itself against other key performance indicators which are benchmarked against internal and national targets:

- student success rates;
- high grade targets;
- value added rates;
- progression rates to Higher Education; and
- progression rates from the lower to the upper sixth.

In 2014/15 the college:

- Achieved an overall success rate of 90.7% (2013/14 87.5%)
- Achieved a success rate at A2 of 96.1%, (2013/14 95.4%);

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- Achieved a success rate at AS of 87.0%, (2013/14 83.1%);
- The achievement rates achieved were:
  - BTEC 100.0% (2013/14 100.0%)
  - A2 98.6% (2013/14 97.8%)
  - AS 91.0% (2013/14 87.5%)
- High grade achievement rates increased at A2 by 5.1 percentage points and for BTECs by 1.4 percentage points;
- Improved its value added ALPS band for AS level moving from a 3 to a 2 but slipped from band 3 to band 4 for A level.
- BTEC value added remains in band 2 and is in the top 10% in the country

The college's target for student numbers in October 2014 was 2,214. The actual number of students was 2,209 and this decrease in numbers has been reflected in the funding allocation for 2015/16.

### Inspection

In May 2009 college was inspected by Ofsted and was awarded an “**Outstanding**” grade. Inspectors praised the high and fast improving success rates of the college, its outstanding teaching and learning, its exceptional academic and personal skills development and its outstanding strategic leadership and management.

### Financial Position

#### Financial Results

The college generated an operating surplus in the year of £797,000 (2013/14 Surplus £140,000).

The college has accumulated reserves of £9,152,000 and net assets of £21,960,000, cash balances of £3,689,000 and long term loans of £4,811,000.

During 2013/14 a bid (phase 5) was put in for a further block of classrooms and an administration area. This bid was successful and preliminary works were completed before the start of 2014/15. However problems with the contractor resulted in a delay in the start of the build but the building, though not complete by the end of 2014/15, has been completed in the early part of 2015/16.

The net book value of the tangible fixed assets has increased by £1,215k reflecting the construction of Phase 5 of the campus redevelopment programme. This is represented by the £1,627k in the category of “Assets under development” at 31<sup>st</sup> July 2015. The building was completed in September 2015.

In total the year the college received capital grant support of £765k from the Education Funding Agency for the support for phase 5. This includes an amount of element, £252k, which has been carried forward from 2013/14.

The college has significant reliance on the EFA as its principal funding source, largely from recurrent grants. In 2014/15 the EFA provided 96% (2013/14 97%) of the college's total income.

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### **Treasury policies and objectives**

Treasury management is the management of the college's cash flows, its banking and deposit arrangements, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The college has a separate treasury management policy in place. The college has two loans to support the campus redevelopment project of which the college has completed the first four phases with the overwhelming majority of students being taught within these buildings. The first loan, drawn down in September 2010, was originally £3.4m, borrowed from Lloyds TSB over a term of 22 years. The second loan, £2.3m drawn down in December 2011, also borrowed from Lloyds TSB has been made available for borrowing by the European Investment Bank over a term of 16 years.

Any further borrowing arrangements would require the authorisation of the Corporation and should comply with the requirements of the Financial Memorandum, Funding Agreement and any other current regulations.

### **Cash flows**

At £1,961k (2013/14 £1,698k) the operating cash inflow continues to be strong reflecting the surplus generated by the college. There has been capital expenditure of £1,984k, primarily on phase 5 of the campus redevelopment programme and the purchase of computer equipment. The cash balance of £3,689k will be utilised to support the final stages of the development of phase 5 of the campus redevelopment programme and will be used to support the college through a potential period of austerity following the anticipated forthcoming funding cuts.

### **Liquidity**

The college agreed a loan of £3.4m in August 2007 which was drawn down in September 2010 to help finance Phases 1 and 2 of the campus redevelopment project and a further loan of £2.3m drawn down in December 2011 to support Phase 3.

## **Current and Future Development and Performance**

In the year 2014/15 there has been a change in Principal at the college. Felicity Greeves, OBE, stepped down at the end of December 2014 after ten years at the helm. During her time at college it grew in terms of numbers and the college campus has been almost completely redeveloped. The new Principal, Jill Gray, joined from Runshaw College in January 2015 and is continuing to develop and improve college outcomes.

### **Student numbers**

In 2014/15 the college has generated funding of £9.73m (2013/14 £9.77m) which is below the main EFA allocation of £10.24m (2013/14 £9.69m). The college had 2,214 (2013/14 2,081) funded students but only 2,209 on roll at the accounting date. This reduction in student numbers has been reflected in the allocation for 2015-16. It still represents an increase in the market share when compared to the falling demographic in the feeder schools.

### **Student achievements**

Academic achievements in the college for the year 2014-15 have shown some real improvements. The college success rate has increased by 3 percentage points to 90.7%. At

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A-level success rates have increased by 0.73 percentage points to 96.1% and the pass rate has increased by 0.83 percentage points to 98.6%. At AS-level success rates have increased by 3.9 percentage points to 87% and the pass rate has increased by 3.37 percentage points to 91%. There was a 100% pass rate on all BTEC courses. High grades have increased by 5.08 percentage points at A-level and by 1.77 percentage points at AS-level.

The GCSE English and maths pass rates have both increased, by 8.8 percentage points and 7.7 percentage points respectively. This success greatly increases the employability skills of those students who come to college without either one or the other of these level 2 qualifications.

### **Curriculum developments**

In 2014/15 the college has been selected as one of only eight schools and colleges in the country to run a pilot for the Technical Baccalaureate (Tech Bacc) programme which combines a major vocational component, based around BTEC Level Three Diplomas, with enhancement of students' maths skills and extensive work experience.

### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, require colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2014 to 31 July 2015, the college paid 82% (2013/14 82%) of its invoices within 30 days but did not incur any late payment charges.

### **Post-balance Sheet Events**

There have been no significant post-balance sheet events.

### **Teaching School and Academy Trust**

In the summer of 2011 the college was designated as a teaching school in partnership with Hodgson Academy in Poulton-le-Fylde. From this a new company, limited by guarantee, Fylde Coast Teaching School, was set up with Hodgson Academy. There is now a group of other good and outstanding educational institutions from around the Fylde Coast which form the Fylde Coast Teaching School Alliance. This includes thirteen local schools as well as Cumbria University.

The main areas of activity for the Teaching School Alliance in 2014/15 have been staff development through collaborative sessions, development programmes, and twilight sessions, school to school support provided by the designated Specialist, Local and National Leaders in Education from the alliance and the Schools Direct initial teacher training programme. In 2013/14 the Teaching School became a designated School Centred Initial Teacher Training provider, with the first 23 participants joining in September 2015.

The Teaching School provides access to continuing professional development for teaching staff across the Fylde coast, regardless of whether the school they work for is an alliance member so helps to spread good practice and works to raise teaching standards to the benefit of young people in the local area.



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In January 2013 The Fylde Coast Teaching School set up the The Fylde Coast Academy Trust (FCAT) which is a multi-academy trust which, with approval from the Department of Education, sponsors local academies. FCAT now sponsors three local high schools – Unity Academy, Blackpool Aspire Academy and Montgomery High School.

The sponsorship of local schools through the academy trust with a clear focus on raising education standards in the area benefits not only the families and young people of the Fylde coast but also the future economy as young people are more able to be successful in the work place and will develop higher educational aspirations for both themselves and their families.

### Future Developments

The college's learner responsive funding for 2015/16 has been confirmed as £10.15m for 2,209 students compared to £10.24m for 2,214 students. Within this there is £550k of Formula Protection Funding which will cease completely by 2016/17. The college must ensure it positions itself to deal with this eventuality.

Funded student numbers have decreased slightly in 2015/16 – by 5 students. This reflects the change in demographic in the local area and whilst it is a reduction in actual numbers represents an increase in market share. Actual recruitment in 2015/16 is however slightly down on this target in 2015/16 which will be reflected in the funding allocation for 2016/17.

The college received £254k in 2014/15 from the EFA to support student bursaries and this has risen to £259k in 2015/16. The college distributes this money to students based on household income. In 2014/15 free meals for over 16s have also been introduced by the government and college received £65k in 2014/15 to support the free meals. Students are being further supported through a transport subsidy and a hardship fund, both supported by the college.

Through this financial support – provided either directly from the EFA in the form of bursary or free meal allocations or supported from college through their main funding grant students from low income backgrounds are supported to enable them to access education to increase their life chances.

### Resources

#### Tangible Assets

The college has £25.1m in fixed assets. In the year there has been an increase in Assets under Development of £1.56m in relation to Phase 5. Phase 5 has been completed in the early part of 2015/16 so will be transferred in to the specific asset categories at the end of this year.

#### Financial

The college has £21.9m of net assets (including £995k pension liability). As at the 31<sup>st</sup> July 2015 college has a long term loan repayable by 2032 of which £2.92m is outstanding and a further long term loan repayable by 2027 of which £1.89m is outstanding.

#### People

As at the 31<sup>st</sup> July 2015 the college employed 203 people, expressed as full time equivalents (2014: 199), of whom 109 (2014: 108) are teaching staff.

#### Reputation

The college enjoys a good reputation locally and nationally and it works hard to ensure that this status continues, to ensure that students are keen to study here. This reputation is enhanced by the “Outstanding” Ofsted inspection grade and by the provision of the college's

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new modern facilities. The college works closely with all the local feeder high schools and a range of other stakeholders and community groups. The college has Investors in People Gold status and has received the Customer Service Excellence Award.

### **Principal Risks and Uncertainties**

The college's Risk Management Policy was reviewed in June 2013 and within it declares the college's approach to risk management and internal control. The following key principles outline this approach:

- a. The board of directors has responsibility for overseeing risk management within the college as a whole;
- b. An open and receptive approach to solving risk problems is adopted by the board of directors;
- c. The Senior Leadership Team support, advise and implement policies approved by the board of directors;
- d. The college makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- e. All staff are responsible for encouraging good risk management practice within their designated managed area; and
- f. Key risk indicators will be identified and closely monitored on a regular basis.

The Directors have assessed the Risk Appetite of college and concluded that as the college is a proactive organisation with a strong reputation and a sound financial base the acceptable level of risk appetite to be used as a guiding principle in the Governance and Management of the college would be moderate. This reflects the Corporation's willingness to pursue ambitious development plans as long as any associated risks are assessed and suitable control measures are implemented.

The college's Risk Register highlights those risks which the college considers to be the most serious. The highest ranking risks reported to the Audit Committee in June 2015 included:

#### **Failure to achieve planned student success rates**

This risk has been mitigated in a number of ways and the new Principal is reviewing the current structure and quality assurance processes. Mitigation of the risk includes the modern learning environment, the continued focus on teaching, learning and assessment, staff development to support innovation and high skill levels and a focus on ensuring that students receive the right advice on enrolment. College involvement with the Fylde Coast Teaching School assists in this process.

#### **Vulnerable to changes in funding arrangements due to dependency upon a single funding stream**

The college currently receives around 96% of its funding from the Education Funding Agency. The risk rating of this has been increased with the uncertainty around funding in future years. College is mitigating the risk by considering other ways of increasing income including through use of the estate but also works to maximize its EFA funding and increase student numbers. College is also working to ensure that the cost base is at an efficient and effective level.

#### **Failure to achieve college enrolment target**

As the number of students fall in the local high schools the chance of failing to achieve the enrolment target increases. This risk is mitigated by keeping the curriculum under review, developing the marketing team and having a marketing plan, maintaining a presence in the feeder schools, re-energising open events at college, taster days and new student days and use of strategies to improve lower sixth to upper sixth progression.

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### **Failure to attract quality teaching staff in hard to recruit subjects**

For college to continue to be successful it must attract high quality teaching staff and it has rigorous recruitment processes to ensure this happens. However in hard to recruit subjects the risk is that college will not attract a strong field of candidates so it mitigates this risk through the use of links with post graduate teacher training institutions, regular reviews of its marketing literature, consideration being given to each advertisement as to how and where it is placed, links to newly qualified teachers on the Fylde Coast Teaching School's School Direct programme and regular review of the recruitment process. The college has also introduced a recruitment micro-site which gives candidates the opportunity to apply on line as well as giving college the chance to market itself to potential candidates.

### **Risk of teaching staff not consistently raising their performance to outstanding**

Although the standard of teaching within the college is generally very good and college received an "outstanding" grading by OFSTED at its last inspection the challenge is to ensure that teaching is consistently outstanding. College is introducing ShOW (Sharing and Observation Weeks) which will focus on teaching and learning within departments and will include observations and walk throughs. Staff who fail to achieve the standards required by college will be supported through the Performance Management Review process, Informal Support Plans or Performance Improvement Plans depending on the nature of the area of under performance.

## **Stakeholder Relationships**

The college has many stakeholders, including:

Students and their parents and guardians

Employees

Directors

Education Funding Agency

Skills Funding Agency

Sixth Form College Commissioner

Local authorities including Blackpool Council, Lancashire County Council, Wyre Borough Council and Fylde Council

Government departments and agencies including BIS and the DFE

Members of the Fylde Coast Teaching School Alliance

Participants in the Fylde Coast Academy Trust

The local community

Community groups who use the college facilities

Feeder high schools

Other sixth form and further education colleges

Universities and other training providers

Employers and work experience providers

The college recognises the importance of these relationships and engages in regular contact and communication with them in many ways. Communication methods include such things as the website, the annual report and newsletters. Also the college engages with stakeholders through events such as the employability networking evening, awards evenings and concerts as well as through more formal meetings and reports.

## **Taxation**

None of the college's activities are subject to corporation tax.

### **Equal Opportunities and Employment of Disabled Persons**

This College is committed to ensuring the promotion of equality of opportunity for all members of the College community. It is seeking to create a climate where all forms of discriminatory behaviour are challenged; differences between individuals celebrated and generate a culture where all staff and students are encouraged to achieve their full potential. The College is keen to ensure that equality of opportunity underpins all policies, valuing all members of the college community equally.

The college will ensure that the selection, training and promotion of staff is based solely on the criteria of merit and ability and that no job applicant or employee will receive less favourable treatment on grounds of any of the protected characteristics.

The college is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The college considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues. The college's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

All new members of staff receive training on Equality & Diversity and there is a rolling programme of updates for existing staff members.

The college's Equality Policy embodies these commitments and details the support and actions taken to ensure the commitments are fulfilled.

### **Disability Equality Statement**

The Blackpool Sixth Form College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005 and the Equality Act 2010 and is committed to providing the widest possible access to those individuals seeking to benefit from its educational activities and to remove barriers to those with disabilities. The college has published an Equality Statement which is made available to all students and potential students, and sits alongside the college Single Equality Scheme. The college also publishes specific information for students with autism and Asperger's syndrome, hearing impairment, visual impairment, dyslexia, dyspraxia and dyscalculia, mobility needs or medical conditions.

The Equality Statement includes the following areas:

Provisions for equality which includes:

- One to one help and support
- Assessment of needs
- Accessible buildings and visits
- Lifts to all areas
- Adjustable furniture
- Accessible toilets and showers
- Personal evacuation plans
- Special examination arrangements
- Provision of laptops and other specialist equipment

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- Support at meal times
- Counselling service
- Text enlarging and scanning systems
- British Sign Language communicators
- Advice and guidance before admission to college

In addition to this the college has a record of successfully supporting students with a range of difficulties. Students with additional requirements will be considered for a place at college in the same way as all other potential students.

Each student with a disability and/or learning difficulty, of a magnitude which could cause a barrier to successful learning, admitted to the college will work with relevant staff to devise a support plan and learning agreement designed to meet individual needs.

The college carries out a range of activities to identify all students who need special arrangements or special consideration in external examinations. This is to ensure that the student's attainment is not influenced or affected unduly by the disability and/or learning difficulty whilst at the same time ensuring that requirements and regulations imposed by examining bodies are met.

The college aims to create an environment in which all students are treated as individuals, receive personal support, and provide mutual support for each other whatever the circumstances.

### **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 \_\_\_\_\_ and signed on its behalf by:**

\_\_\_\_\_

Mr. J Boyle, Chair

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### Professional Advisers

#### External Auditors:

Mazars LLP  
14<sup>th</sup> Floor  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

#### Internal Auditors:

RSM Risk Assurance Services LLP  
9<sup>th</sup> Floor  
3 Hardman Street  
Manchester  
M3 3HF

#### Solicitors:

Eversheds  
Cloth Hall Court  
Infirmary Street  
Leeds

Walker Morris  
Kings Court  
12 King Street  
Leeds

#### Bankers:

Lloyds Bank  
42-46 Market Street,  
Manchester,  
M1 1PW

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### Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure.

The college endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges Code of Governance, March 2015; and
- iii. having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to the further education sector

The college is committed to exhibiting best practice in all aspects of corporate governance. For the majority of the year, the college has complied with the English College’s Foundation Code of Good Governance, issued by the Association of Colleges in December 2011 and adopted by the college on 13<sup>th</sup> December 2011. On 1<sup>st</sup> July 2015 the college formally adopted the Association of Colleges Code of Good Governance for English Colleges published in March 2015, and will be complying with this from here on.

We do not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

The governing body is known as the Corporation and its members are referred to as Directors. In the opinion of the Directors, the college complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015. The Corporation 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.

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

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### The Corporation

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

Name	Date of appointment/re-appointment	Term of office	Date of resignation	Category of membership	Committees served during 2014/15	Corporation meeting attendance
Mr J Boyle <i>Chair</i>	09.07.13	4 years		Member	Administration & Finance; Search & Governance; Remuneration (Chair); Governance Self-assessment;	5 of 5
Dr P Anderton	24.03.15	4 years		Member	Audit; Remuneration; FCAT Safeguarding Board	3 of 3
Mrs C Bellamy <i>Vice chair</i>	05.07.11	4 years	24.03.15	Member	Administration & Finance, Search & Governance, Remuneration	2 of 2
Mr D Berry	01.07.15	4 years		Member		1 of 1
Ms E Bradley	09.12.14	2 years	24.03.15	Student		0 of 2
Mr S Brennand	05.04.11	4 years	05.04.15	Member		2 of 3
Cllr D Clapham	27.03.12	4 years		Member	Audit; Search & Governance (Chair)	4 of 5
Ms K Clowes	17.12.13	4 years	02.12.14	Parent	Administration & Finance;	0 of 2
Mr M Cobandag	24.03.15	2 years		Student		2 of 3
Mr J Corry	26.03.13	4 years		Member	Audit (Chair); Search;	4 of 5
Mr G Curry	16.12.12	4 years		Member	Search & Governance; Remuneration;	4 of 5
Ms T Fish	05.05.15	2 years		Parent		2 of 2
Mr A Goodinson	01.09.11	4 years	31.08.15	Staff	Administration & Finance;	4 of 5
Ms J Gray	01.01.15	Ex officio		Principal	All except Audit and Remuneration	3 of 3
Ms F Greeves	01.08.04	Ex officio	31.12.14	Principal	All except Audit and Remuneration	2 of 2
Ms W Middlemas	08.04.14	4 years		Member		4 of 5
Rev Dr R Murphy	18.12.12	4 years		Member		1 of 5
Mr S Sheard	13.12.11	4 years	01.12.14	Member	Audit; Governance Self- Assessment	0 of 2
Ms K Talboys	01.04.14	4 years	09.12.14	Member	FCAT Safeguarding Board	1 of 2
Ms J Trembles	09.07.13	4 years		Member	Audit (to18.11.14) Administration & Finance (from 03.03.15)	5 of 5
Mr N Webster	26.03.13	4 years		Staff	Governance Self Assessment	5 of 5
Mr P Welsh	13.12.11	4 years		Member	Administration & Finance (Chair); Search & Governance, Remuneration	3 of 5
Mr N Wilson	17.12.13	2 years	06.07.15	Student	Administration & Finance	4 of 5



## The Blackpool Sixth Form College

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Administration and Finance, Remuneration, Search and Governance and Audit. The Corporation is also a member of the Fylde Coast Academy Trust Safeguarding Board and a designated Safeguarding Director attends these meetings. Minutes from all these meetings are shared with members and, except for those deemed confidential, are available on the college website, ([www.blackpoolsixth.ac.uk](http://www.blackpoolsixth.ac.uk)), or from the clerking service at:

Fylde Coast Academy Trust  
c/o Montgomery High School  
All Hallows Road  
Blackpool  
Lancashire FY2 0AZ

The clerking service maintains a register of financial and personal interests of the Directors. The register is available for inspection at the above address.

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

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

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

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

### **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 Search and Governance Committee comprising a Chair, five other members of the Corporation, including the Accounting Officer, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years. Student and Parent Directors are usually appointed for a term of 2 years.

## The Blackpool Sixth Form College

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### **Remuneration Committee**

Throughout the year ending 31 July 2015 the college's Remuneration Committee comprised the Chair and Vice Chair of the Corporation and one other member from a Committee not represented by the Chair and the Vice Chair. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders. In May 2014 a clerking service provided by Fylde Coast Academy Trust was appointed and it is Committee's responsibility to consider the Service Level Agreement and fee for this clerking service.

Details of remuneration for the year ended 31 July 2015 are set out in note 8 to the financial statements.

### **Audit Committee**

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair). The committee operates in accordance with written terms of reference approved by the Corporation and assesses its own effectiveness and performance on an annual basis against a set of key performance indicators.

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

The college's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the corporation.

### **Internal Control**

#### **Scope of responsibility**

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

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between the college and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

## The Blackpool Sixth Form College

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the college for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the college is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the college's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

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

## The Blackpool Sixth Form College

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### Review of effectiveness

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

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

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

The Accounting Officer and senior leadership team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal and senior leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda and the agenda for each committee meeting include a regular item for consideration of risk and control and receive reports thereon from the senior leadership team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2015 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2015.

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

### Going Concern

After making appropriate enquiries, the Corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

\_\_\_\_\_ Mr. J Boyle, Chair Date

\_\_\_\_\_ Ms J Gray, Accounting Officer Date

## The Blackpool Sixth Form College

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### **Corporation'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 Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the college and the Education Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and ***to the best of our knowledge***, the Corporation is able to identify any material irregular or improper use of funds by the college, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the college's funding agreement].

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 Funding Agency.

\_\_\_\_\_ Mr. J Boyle, Chair Date

\_\_\_\_\_ Ms J Gray, Accounting Officer Date

## The Blackpool Sixth Form College

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### 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 Funding Agreement agreed between the Education Funding Agency and the Corporation of the college, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction for 2013/14 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the college will continue in operation.

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

The Corporation is responsible for keeping proper 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 taking steps that are reasonably open to it in order to safeguard assets of the college and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the college 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.

## The Blackpool Sixth Form College

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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 Education Funding Agency are used only in accordance with the Funding Agreement with the Education Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place 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 college's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Education Funding Agency are not put at risk.

Signed on behalf of the Corporation

\_\_\_\_\_ Mr J Boyle, Chair

Date:

# The Blackpool Sixth Form College

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## **Independent Auditor's report to the Corporation of Blackpool Sixth Form College**

We have audited the financial statements of The Blackpool Sixth Form College for the year ended 31 July 2015 which comprise the Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective Responsibilities of the Corporation, of Blackpool Sixth Form College and Auditor**

As explained more fully in the Statement of Responsibilities of the Member of the Corporation set out on page 20, the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

## **Matters on which we are required to report by exception**

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

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

## **Mazars LLP**

### **Chartered Accountants and Statutory Auditor**

14<sup>th</sup> Floor  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

Date: 2015



## The Blackpool Sixth Form College

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### **To: The Corporation of The Blackpool Sixth Form College and Secretary of State for Education acting through Education Funding Agency**

In accordance with the terms of our engagement letter dated 12 October 2015 and further to the requirements of the funding agreement with Education Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Blackpool Sixth Form College during the period 01 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. 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 Education Funding Agency has other assurance arrangements in place.

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

### **Respective Responsibilities of the Members of the Corporation of Blackpool Sixth Form College and Auditors**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. 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 01 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

## The Blackpool Sixth Form College

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The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the college's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the college's completed self-assessment questionnaire on regularity.
- Read the funding agreement with the EFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the college's whistle blowing policy.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

**Mazars LLP**  
**Chartered Accountants and Statutory Auditor**  
14th Floor  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

Date: 2015

**The Blackpool Sixth Form College**  
**Income and Expenditure Account for the Year Ended**  
**31 July 2015**

	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
<b>Income</b>			
Funding body grants	2	10,997	10,558
Tuition fees and education contracts	3	82	91
Research grants and contracts	4	54	9
Other income	5	222	144
Endowment and investment income	6	11	19
<b>Total Income</b>		<b>11,366</b>	<b>10,821</b>
<b>Expenditure</b>			
Staff costs	7	7,008	6,685
Other operating expenses	9	2,580	2,169
Depreciation	13	765	787
Interest and other finance costs	10	212	263
<b>Total Expenditure</b>		<b>10,565</b>	<b>9,904</b>
<b>Surplus on continuing operations prior to costs relating to property strategy</b>		801	917
Accelerated depreciation	25	-	777
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax</b>		801	140
Loss on disposal of assets	13	(4)	-
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax</b>		797	140
Taxation	11	-	-
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>	20	<b>797</b>	<b>140</b>

The income and expenditure account is in respect of continuing activities.

There were no operations that were acquired or discontinued by The Blackpool Sixth Form College during the year.

**The Blackpool Sixth Form College**  
**Note of Historical Cost Surpluses and Deficits**  
**for the Year Ended 31 July 2015**

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	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Surplus on continuing operations before taxation		797	140
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	18	49	46
<b>Historical cost surplus for the period before taxation</b>		<b>846</b>	<b>186</b>
<b>Historical cost surplus for the period after taxation</b>		<b>846</b>	<b>186</b>

**The Blackpool Sixth Form College**  
**Statement of Total Recognised Gains and Losses**  
**for the year ended 31 July 2015**

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	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		797	140
Actuarial (loss)/gain in respect of pension scheme	26	(269)	247
<b>Total recognised gains since last report</b>		528	387
<b>Reconciliation</b>			
Opening reserves		10,366	9,979
Total recognised gains for the year		528	387
<b>Closing Reserves</b>		10,894	10,366

**The Blackpool Sixth Form College**  
**Balance Sheet**  
**As at 31 July 2015**

	Notes	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	13	25,098	23,883
		<u>25,098</u>	<u>23,883</u>
<b>Current assets</b>			
Stocks		7	10
Debtors	14	212	218
Cash at bank and in hand		3,689	3,395
		<u>3,908</u>	<u>3,623</u>
<b>Creditors: amounts falling due within one year</b>	15	(1,380)	(1,138)
<b>Net current assets</b>		<u>2,528</u>	<u>2,485</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(4,671)	(4,813)
<b>Net assets excluding pension liability</b>		<b>22,955</b>	<b>21,555</b>
Net pension liability	26	(995)	(631)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u><b>21,960</b></u>	<u><b>20,924</b></u>
<b>Deferred capital grants</b>	17	11,065	10,558
Income and expenditure account excluding pension reserve	19	10,147	9,205
Pension reserve	26	(995)	(631)
Income and expenditure account including pension reserve		<u>9,152</u>	<u>8,574</u>
Revaluation reserve	18	1,743	1,792
<b>Total reserves</b>		<u>10,895</u>	<u>10,366</u>
<b>TOTAL FUNDS</b>		<u><b>21,960</b></u>	<u><b>20,924</b></u>

The financial statements on pages 25 to 52 were approved by the Corporation on \_\_\_\_\_ and were signed on its behalf by:-

Mr J Boyle - Chair

Ms J Gray – Accounting Officer

**The Blackpool Sixth Form College  
Cash Flow Statement  
for the year ended 31 July 2015**

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	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
<b>Cash flow from operating activities</b>	20	1,961	1,698
Returns on investments and servicing of finance	21	(220)	(237)
Taxation	11	-	-
Capital expenditure and financial investment	22	(1,219)	(1,498)
Loan financing	23	(228)	(220)
<b>Increase/(decrease) in cash in the period</b>	24	<u><u>294</u></u>	<u><u>(257)</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the period		294	(257)
Cash inflow from new loan		-	-
Cash outflow for loan repayments		228	220
		<u>          </u>	<u>          </u>
Movement in net funds in period	24	522	(37)
Net funds at 1 August		(1,644)	(1,607)
<b>Net funds at 31 July</b>	24	<u><u>(1,122)</u></u>	<u><u>(1,644)</u></u>

## 1 Accounting Policies

### ***Statement of Accounting Policies***

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

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

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions 2007 ("the SORP") and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the Education Funding Agency in the 2014-15 Accounts Direction Handbook.

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

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

### ***Going concern***

The activities of the college, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The college is actively planning its response to forthcoming funding reductions. The financial position of the college, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The college currently has £2.9m of loans outstanding with bankers on terms negotiated in 2007 and £1.9m of loans outstanding on terms negotiated in 2011. Both of these loans are secured through a negative pledge. The college's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants.

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

### ***Recognition of income***

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

Non-recurrent grants from the funding bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.



## **1 Accounting Policies (continued)**

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

### ***Post retirement benefits***

Retirement benefits to employees of the college are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the TPS are charged to the income and expenditure account 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 quinquennial valuations using a prospective benefit method as described in note 26.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

### ***Tangible fixed assets***

#### **Land and buildings**

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. Other land and buildings are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 50 years. A full year's depreciation is charged in the year of acquisition.

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

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

## 1 Accounting Policies (continued)

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

On adoption of FRS 15, the college followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

### Assets under construction

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

### Subsequent expenditure on existing fixed assets

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

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

### Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Equipment	20% per year on a reducing balance basis
Computer equipment	33% per year on a straight line basis

A full year's depreciation is charged in the year of acquisition. Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

### Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. A full year's depreciation is charged in the year of acquisition.

Leasing agreements which transfer to the college substantially all the benefits and risk of ownership of an asset are treated as if the asset had been purchased outright

## **1 Accounting Policies (continued)**

### ***Leased assets (continued)***

and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### ***Maintenance of premises***

The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

### ***Taxation***

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

Accordingly, the college is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

### ***Liquid resources***

Liquid resources include sums on short-term deposits with recognised banks and building societies.

### ***Provisions***

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.

### ***Stock***

Stock is valued at the lower of cost or net realisable value.

## The Blackpool Sixth Form College

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### 2 Funding Body Grants

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
EFA recurrent grant	10,245	9,692
EFA non-recurrent grants	438	316
Other non-recurrent grants	56	88
Release of deferred capital grants	258	462
	<u>10,997</u>	<u>10,558</u>

### 3 Tuition Fees and Education Contracts

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Tuition fees	82	91
Education contracts	-	-
	<u>82</u>	<u>91</u>

## The Blackpool Sixth Form College

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### 4 Research Grants and Contracts

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Other grants and contracts	54	9
	<u>54</u>	<u>9</u>

### 5 Other Income

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Other income generating activities	222	144
	<u>222</u>	<u>144</u>

### 6 Endowment and Investment Income

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Other interest receivable	11	19
	<u>11</u>	<u>19</u>

## The Blackpool Sixth Form College

### 7 Staff Costs

The average monthly number of persons (including senior post-holders) employed by the college during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2015 Number	Year ended 31 July 2014 Number
Teaching staff	109	108
Non teaching staff	94	91
	<b>203</b>	<b>199</b>

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
<b>Staff costs for the above persons:</b>		
Wages and salaries	5,803	5,538
Social security costs	399	386
Other pension costs (including FRS17 adjustments of £114k in 2015 and £94k in 2014)	806	761
	<b>7,008</b>	<b>6,685</b>

The number of senior post-holders and other staff who received annual emoluments excluding pension contributions but including benefits in kind, in the following ranges was:

	Year ended 31 July 2015		Year ended 31 July 2014	
	Number senior post- holders	Number Other Staff	Number senior post- holders	Number Other Staff
£60,000 to £70,000	2	-	-	-
£70,001 to £80,000	1	-	1	-
£130,001 to £140,000	-	-	1	-
	<b>3</b>	<b>-</b>	<b>2</b>	<b>-</b>

The above table includes the two Accounting Officers separately. Their periods of office did not overlap. There was a pay award of 1% for both teaching and support staff in 2014-2015.

Senior post-holder salaries were subject to separate review. No severance payments were made in 2014-15 (2013-14 Nil).

## The Blackpool Sixth Form College

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### 8 Senior Post-holders' Emoluments

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Corporation has selected for the purposes of the articles of government of the college relating to the appointment and promotion of staff who are appointed by the Corporation.

	<b>2015 Number</b>	<b>2014 Number</b>
The number of senior post-holders including the Accounting Officer was:	<u>2</u>	<u>2</u>
Senior post-holders' emoluments are made up as follows:		
	<b>2015 £000</b>	<b>2014 £000</b>
Salaries	209	211
Pension contributions	27	30
<b>Total emoluments</b>	<u><b>236</b></u>	<u><b>241</b></u>

In 2014-2015 there was a change of Accounting Officer with the outgoing Accounting Officer leaving on 31<sup>st</sup> December 2014 and the new Accounting Officer starting on 1<sup>st</sup> January 2015. At no point in the year were there more than two senior post-holders.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post holder) of:

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>
Salary	<u>133</u>	<u>139</u>
Pension contributions	<u>17</u>	<u>20</u>

The salary and pension contributions above represent the combined amount paid to the current and previous Accounting Officer.

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

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

## The Blackpool Sixth Form College

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### 9 Other Operating Expenses

	Year ended 31 July 2015 £000	Year ended 31 July 2013 £000
Teaching costs	747	526
Non teaching costs	1,176	1,132
Premises costs	657	511
<b>Total</b>	<b>2,580</b>	<b>2,169</b>

#### Other operating expenses include:

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Auditors' remuneration:		
External auditors - financial statements audit 14/15	10	-
External auditors - financial statements audit 13/14	2	8
Internal audit	11	11
Internal audit – funding audit	4	-
Hire of plant and machinery - operating leases	12	19



## The Blackpool Sixth Form College

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### 10 Interest and other finance costs

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
On bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments	-	-
Repayable within five years, by instalments	-	-
Repayable wholly or partly in more than five years	231	256
	<hr/>	<hr/>
	231	256
Pension finance costs (see note 26)	(19)	7
	<hr/>	<hr/>
	<b>212</b>	<b>263</b>

### 11 Taxation

The members do not believe the college was liable for any corporation tax arising out of activities during this or the prior year.

### 12 Surplus on continuing operations for the period

The surplus on continuing operations for the period is made up as follows:

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
College's surplus for the period	797	140
	<hr/>	<hr/>
<b>Total</b>	<b>797</b>	<b>140</b>

## The Blackpool Sixth Form College

### 13 Tangible Fixed Assets

	Freehold land and buildings £000	Assets under development £000	Equipment £000	Computers £000	Leased Assets £000	Total £000
<b>Cost or Valuation</b>						
At 1 August 2014	26,454	70	2,495	1,312	11	30,342
Additions	91	1,557	266	70	-	1,984
Transfers	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-
Disposals	-	-	(503)	(55)	(1)	(559)
<b>At 31 July 2015</b>	<b>26,545</b>	<b>1,627</b>	<b>2,258</b>	<b>1,327</b>	<b>10</b>	<b>31,767</b>
<b>Depreciation</b>						
At 1 August 2014	3,306	-	1,906	1,236	11	6,459
Charge for year	517	-	170	78	-	765
Accelerated depreciation	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Eliminated in respect of disposals	-	-	(499)	(55)	(1)	(555)
<b>At 31 July 2015</b>	<b>3,823</b>	<b>-</b>	<b>1,577</b>	<b>1,259</b>	<b>10</b>	<b>6,669</b>
<b>Net book value</b>						
<b>At 31 July 2015</b>	<b>22,722</b>	<b>1,627</b>	<b>681</b>	<b>68</b>	<b>-</b>	<b>25,098</b>
<b>Net book value</b>						
<b>At 31 July 2014</b>	<b>23,148</b>	<b>70</b>	<b>589</b>	<b>76</b>	<b>-</b>	<b>23,883</b>
Inherited	1,743	-	-	-	-	1,743
Financed by capital grant	10,200	765	100	-	-	11,065
Other	10,779	862	581	68	-	12,290
<b>Net book value</b>						
<b>At 31 July 2015</b>	<b>22,722</b>	<b>1,627</b>	<b>681</b>	<b>68</b>	<b>-</b>	<b>25,098</b>

## The Blackpool Sixth Form College

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### 13 Tangible Fixed Assets (continued)

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

Inherited land and buildings were valued in 1994 at depreciated replacement cost by a firm of independent chartered surveyors.

Other tangible fixed assets inherited from the LEA at incorporation have been valued by the college on depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £1,743,011 (2014: £1,792,136) have been financed by local education sources. Should these assets be sold, the college may be liable, under the terms of the Finance Memorandum, to surrender the proceeds.

Included in the net book value of freehold land and buildings at 31st July 2015 is £592k (2014: £592k) relating to land which is not depreciated

There have been grant receipts from the Education Funding Agency in the current year of £513k which have been used to finance the fifth phase of the campus redevelopment programme. A further grant was received from the Education Funding Agency in the previous year of £252k which was also used to finance the fifth phase of the project. This income has been recognised in 2014-15 giving a total grant income of £765k.

The Education Funding Agency and the Skills Funding Agency do not have the power to guarantee future funding streams to institutions and cannot guarantee that this funding will continue after the current year. Provision has not, therefore, been made for anticipated future receipts.

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

	<b>£000</b>
Cost	-
Aggregate depreciation based on cost	-
<b>Net book value based on cost</b>	<u><u>-</u></u>

## The Blackpool Sixth Form College

### 14 Debtors

	31 July 2015 £000	31 July 2014 £000
<b>Amounts falling due within one year</b>		
Trade Debtors	69	30
Prepayments and accrued income	91	122
Other Debtors	52	66
<b>Total</b>	<b>212</b>	<b>218</b>

### 15 Creditors

	31 July 2015 £000	31 July 2014 £000
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	236	226
Trade creditors	98	118
Other taxation and social security	120	112
Accruals	781	381
Amount owing to the EFA	-	252
Other creditors	145	49
	<b>1,380</b>	<b>1,138</b>
<b>Amounts falling due after more than one year</b>		
Bank loans and overdrafts	4,575	4,813
Other creditors	96	-
	<b>4,671</b>	<b>4,813</b>

### 16 Bank loans and overdrafts

	2015 £000	2014 £000
Bank loans and overdrafts are repayable as follows:		
In one year or less	236	226
Between one and two years	246	242
Between two and five years	799	786
In five years or more	3,530	3,785
	<b>4,811</b>	<b>5,039</b>

Bank loans are secured by a negative pledge. £666k is repayable in monthly installments at a rate linked to base rate. £2,612k is repayable in monthly installments at a fixed rate of 5.31% plus margin and £1,533k is repayable in monthly installments at a fixed rate of 2.875% plus margin.

## The Blackpool Sixth Form College

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### 17 Deferred Capital Grants

	<b>EFA £000</b>
<b>At 1 August 2014</b>	
Land and buildings	10,432
Equipment	126
Computers	-
Cash received	
Land and buildings	765
Equipment	-
Computers	-
Released to income and expenditure account	
Land and buildings	(233)
Equipment	(25)
Computers	-
<b>Total</b>	<b>11,065</b>
<b>At 31 July 2015</b>	
Land and buildings	10,965
Equipment	100
Computers	-
<b>Total</b>	<b>11,065</b>

### Analysis of capital grants received from the Education Funding Agency

	<b>Year ended 31 July 2015 £000</b>
Land and buildings	765
Equipment	-
IT infrastructure	-
<b>Total</b>	<b>765</b>

### 18 Revaluation Reserve

	<b>31 July 2015 £000</b>	<b>31 July 2014 £000</b>
<b>At 1 August</b>	1,792	1,838
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	(45)	(46)
Disposal of assets	(4)	-
<b>At 31 July</b>	<b>1,743</b>	<b>1,792</b>

## The Blackpool Sixth Form College

### 19 Movement on General Reserves

	31 July 2015 £000	31 July 2014 £000
<b>Income and Expenditure Account Reserve</b>		
<b>At 1 August</b>	9,205	8,918
Surplus on continuing operations before transfer from revaluation reserve	893	241
Transfer from revaluation reserve	49	46
<b>At 31 July</b>	<b>10,147</b>	<b>9,205</b>
<b>Pension reserve</b>		
<b>At 1 August</b>	(631)	(777)
FRS 17 movements	(364)	146
<b>At 31 July</b>	<b>(995)</b>	<b>(631)</b>

### 20 Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Surplus on continuing operations after depreciation of assets at valuation	797	140
Depreciation (note 1 & 13)	765	787
Deferred capital grants released to income (note 2)	(258)	(462)
Loss on disposal of fixed assets	4	-
Accelerated depreciation on fixed assets	-	777
Pension cost less contributions payable	95	101
Decrease/(increase) in debtors	9	(110)
Increase in creditors	329	228
Interest receivable (note 6)	(11)	(19)
Interest payable (note 10)	231	256
<b>Net cash inflow from operating activities</b>	<b>1,961</b>	<b>1,698</b>

## The Blackpool Sixth Form College

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### 21 Returns on Investments and Servicing of Finance

	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Other interest received	11	19
Interest paid	(231)	(256)
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(220)</b>	<b>(237)</b>

### 22 Capital Expenditure and Financial Investment

	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Purchase of tangible fixed assets (note 13)	(1,984)	(1,921)
Deferred capital grants received (note 17)	765	423
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(1,219)</b>	<b>(1,498)</b>

### 23 Financing

	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Repayments of amounts borrowed	(228)	(220)
<b>Net cash outflow from financing</b>	<b>(228)</b>	<b>(220)</b>

## The Blackpool Sixth Form College

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### 24 Analysis of Changes in Net Funds

	At 1 August 2014 £000	Cashflows £000	Other changes £000	At 31 July 2015 £000
Cash in hand and at bank	3,395	294	-	3,689
	3,395	294	-	3,689
Debt due within one year	(226)	(10)	-	(236)
Debt due after more than one year	(4,813)	238	-	(4,575)
<b>Total</b>	<b>(1,644)</b>	<b>522</b>	-	<b>(1,122)</b>

### 25 Major Non-cash Transactions

In 2014-15 the catering suppliers, Taylor Shaw upgraded some of the facilities in the college catering outlets in lieu of paying a profit share to the college for the remainder of the contract. These upgrades have been capitalised or treated as revenue expenditure as appropriate.

In 2013-2014 the college wrote down the value of the buildings by £777k as a result of Phase 4 and Phase 5 of the campus redevelopment programme.

In line with the guidance provided the accelerated depreciation this was presented separately from the remainder of the income and expenditure of the college. This presentation is necessary to better deliver a true and fair view of the results of the college for the year. Exceptional items as defined by FRS 3 paragraph 20 continue to be recorded after the operating surplus.

Where appropriate an additional release of the capital grants used to support the original development of the buildings on which the accelerated depreciation is now being charged has been made to the Income and Expenditure Account.

The campus redevelopment programme has been made possible because of grants received from the Education Funding Agency under the Sixth Form Colleges Building Condition Improvement Fund.



## The Blackpool Sixth Form College

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### 26 Pension and similar obligations

The college's employees belong to two principal pension schemes: 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 Lancashire County Council. Both are defined-benefit schemes.

Total pension cost for the year	31 July 2015 £000	31 July 2014 £000
Teachers Pension Scheme: contributions paid	525	501
Local Government Pension Scheme Contributions paid	167	166
FRS 17 charge	114	94
Charge to the Income and Expenditure Account (staff costs)	281	260
<b>Total Pension Cost for Year</b>	<b>806</b>	<b>761</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was 31 March 2012 and the LGPS 31 March 2013. Contributions amounting to £22,314 (2014 £21,000) were payable to the LGPS and £72,433 (2014: £68,000) were payable to the TPS at 31st July and are included within creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010, and from 1 April 2014, the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales maintained by local authorities. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### The Teachers' Pension Budgeting and Valuation Account

Although members are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) acts are, as provided for in the Superannuation Act 1972, paid out of public monies provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis. These contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%) which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

## 26 Pension and similar obligations (continued)

### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

### Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £866,000 (2014: £819,000)

## The Blackpool Sixth Form College

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### 26 Pension and similar obligations (continued)

#### FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The college is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the college has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The college has set out above the information available on the scheme and the implications for the college in terms of the anticipated contribution rates.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 July 2015 were £262,241 (2014:£253,419), of which employer's contributions totalled £161,944 (2014:£165,637) and employees' contributions totalled £100,297 (2014:£87,782). The agreed contribution rate to the 30<sup>th</sup> April 2016 is 9.9% plus a deficit reduction payment and a rate between 5.5% and 12.5% for employees depending on their salary level.

#### FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	3.7%	3.8%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	3.8%	4.3%
Inflation assumption (CPI)	2.2%	2.3%

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

	At 31 July 2015	At 31 July 2014
<b>Retiring today:</b>		
Males	22.9	22.8
Females	25.4	25.3
<b>Retiring in twenty years:</b>		
Males	25.1	25.0
Females	27.8	27.7

## The Blackpool Sixth Form College

### 26 Pension and similar obligations (continued)

The assets and liabilities in the scheme (of which the college's share is estimated to be 0.07%) and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015  £'000	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014  £'000
Equities	6.5%	1,397	7.0%	1,728
Bonds	2.5-3.6%	329	3.2-4.1%	932
Property	6.1%	370	6.2%	334
Cash	0.5%	53	0.5%	83
Other	6.5%	1,913	7.0%	400
<b>Total market value of assets</b>		<b>4,062</b>		<b>3,477</b>
Present value of scheme liabilities		(5,057)		(4,108)
Related deferred tax liability		-		-
<b>Deficit in the scheme</b>		<b>(995)</b>		<b>(631)</b>
<b>Analysis of the amount charged to income and expenditure account</b>				
		<b>2015</b>		<b>2014</b>
		<b>£'000</b>		<b>£'000</b>
Employer service cost (net of employee contributions)		(281)		(261)
Past service cost		-		-
Total operating charge		<u>(281)</u>		<u>(261)</u>
<b>Analysis of pension finance costs</b>				
Expected return on pension scheme assets		202		185
Interest on pension liabilities		(183)		(192)
<b>Pension finance costs</b>		<u>19</u>		<u>(7)</u>
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>				
		<b>2015</b>		<b>2014</b>
		<b>£000</b>		<b>£000</b>
Actual return less expected return on pension scheme assets		175		(202)
Experience gains and losses arising on the scheme liabilities		(444)		449
Change in financial and demographic assumptions underlying the scheme liabilities		-		-
<b>Actuarial (loss)/gain recognised in STRGL</b>		<u>(269)</u>		<u>247</u>
<b>Movement in deficit during year</b>				
Deficit in scheme at 1 August		(631)		(777)
Prior year adjustment		-		-
Movement in year:				
Employer service cost (net of employee contributions)		(281)		(261)
Employer contributions		167		167
Past service cost		-		-
Net interest/return on assets		19		(7)
Actuarial gain or loss		(269)		247
<b>Deficit in scheme at 31 July</b>		<b>(995)</b>		<b>(631)</b>

## The Blackpool Sixth Form College

### 26 Pension and similar obligations (continued)

#### Asset and liability reconciliation

	At 31 July 2015 £'000	At 31 July 2014 £'000
<b>Reconciliation of liabilities</b>		
Liabilities at start of period	4,108	3,995
Service cost	281	261
Interest cost	183	192
Employee contributions	101	87
Experience gains and losses on scheme liabilities	-	-
Actuarial (gains)/losses	444	(449)
Benefits/transfers paid	(60)	22
Past Service cost	-	-
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>5,057</b>	<b>4,108</b>
<b>Reconciliation of Assets</b>		
Assets at start of period	3,477	3,218
Expected return on assets	202	185
Actuarial (losses)/gains	175	(202)
Employer contributions	167	167
Employee contributions	101	87
Benefits/transfers paid	(60)	22
<b>Assets at end of period</b>	<b>4,062</b>	<b>3,477</b>

The estimated value of employer contributions for the year ended 31<sup>st</sup> July 2015 is £167,000.

#### History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000	175	(202)	317	(84)	259
percentage of scheme assets	4.3%	5.8%	9.9%	3.2%	10.9%
Experience gains and losses on scheme liabilities:					
Amount £'000	444	(449)	80	110	70
percentage of scheme liabilities	8.8%	10.9%	2.0%	3.1%	2.3%
Total amount recognised in STRGL:					
Amount £'000	269	(247)	(237)	194	(189)
percentage of scheme liabilities	17.1%	6.0%	5.9%	5.5%	6.2%

### 27 Post Balance Sheet Events

There have been no significant post balance sheet events.

### 28 Capital Commitments

	31 July 2015 £000	31 July 2014 £000
Commitments contracted for at 31 July	45	-

## The Blackpool Sixth Form College

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### 29 Financial Commitments

At 31 July the college had annual commitments under non-cancellable operating leases as follows:

	<b>31 July 2015 £000</b>	<b>31 July 2014 £000</b>
<b>Equipment</b>		
Expiring within one year	-	-
Expiring between two and five years inclusive	12	12
	<u><u>12</u></u>	<u><u>12</u></u>

### 30 Related Party Transactions

Due to the nature of the college's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures. The agenda for each Audit Committee meeting contains a standard item for declaration of interest in connection with any of the items on the agenda.

The total expenses paid to or on behalf of the directors during the year was £2,629 to one director (2014:£183 to two directors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending director meetings, conferences and charity events in their official capacity and travel and subsistence in relation to work done as a National Leader of Governance These expenses were covered by grant funding received by college . No director has received any remuneration or waived payments from the college or its subsidiaries during the year (2014: None).

#### **Fylde Coast Teaching School Limited** – an associate of Blackpool Sixth Form College

There were transactions in the year amounting to £57,993 (2014 – £50,926) primarily in relation to the recharge of staffing costs for staff secondment, administration services and the use of Specialist Leaders in Education. At the end of the year college owed the Fylde Coast Teaching School £Nil (2014 - £1,225) and the Fylde Coast Teaching School owed college £24,682 (2014 - £12,699) which is a net balance of £24,682 (2014 – £11,474).

#### **Fylde Coast Academy Trust** – an associate of Blackpool Sixth Form College

There were transactions in the year amounting to £43,749 (2014 – £26,593) primarily in relation to the provision of leadership and estates management services. At the end of the year the Fylde Coast Academy Trust owed college £7,435 (2014 – £15,501).