

**THE BOURNEMOUTH & POOLE
COLLEGE**

**Report and Financial Statements
For the year ended
31 July 2021**

THE BOURNEMOUTH AND POOLE COLLEGE
REPORTS and FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

CONTENTS

	<u>Page</u>
Key Management Personnel, Board of Governors and Professional Advisors.	3
Strategic Report	4
Statement of Corporate Governance and Internal Control	14
Members of the Corporation	19
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	21
Statement of Responsibilities of the Members of the Corporation	22
Independent Auditor's Report to the Corporation	23
Reporting Accountant's Report on Regularity to the Corporation of Bournemouth & Poole College and the Secretary of State for Education acting through the Education and Skills Funding Agency	26
Consolidated Statements of Comprehensive Income	28
Consolidated Statement of Changes in Reserves	29
Balance Sheets - Group and College	30
Consolidated Statement of Cashflows	31
Notes to the Financial Statements	32

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as Senior Post Holders within the College Leadership Team and were represented by the following throughout 2020/21:

Mrs D Grannell	Principal and CEO; Accounting Officer
Mr M Johnson	Chief Operating Officer
Mrs J Page	Vice Principal, Curriculum

Board of Governors

A full list of the Board of Governors is given in the Statement of Corporate Governance and Internal Control.

Mrs M Barnard acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial Statements auditor and reporting accountants:

Alliotts LLP
Friary Court
13-21 High Street
Guildford
GU1 3DL

Internal auditor:

TIAA Limited
Artillery House
Fort Fareham
Fareham
PO14 1AH

Bankers:

Lloyds Bank plc
Bournemouth Branch
PO Box 5
45-47 Old Christchurch Road
Bournemouth
Dorset
BH1 1ED

Solicitor:

Steele Raymond LLP
Bournemouth

Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Bournemouth and Poole College for the year ended 31 July 2021.

Legal Status

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

The Bournemouth and Poole College Strategy 2020-2023: Transforming Futures

Our Purpose

The purpose that Bournemouth and Poole College exists, is to transform students' futures

Our Vision

We have a vision for every student to have the best life they can

Our Mission

Our mission is to champion lifelong learning to benefit individuals, the community and the economy

Our Values

- A passion for learning and success
- Supportive and caring
- Respectful and considerate
- A champion for equality through learning
- Ambitious and tenacious

We will accomplish our vision by achieving seven Strategic Outcomes

- Outstanding brand and reputation
- Develop responsible, respectful and active citizens
- Outstanding people and culture
- Environmentally sustainable
- Lean, agile and responsive
- Digital organization
- Drive economic impact and skills

COVID-19

The impact of COVID-19 has been felt in every part of College life and our activities but the response of our staff and students has been magnificent. We have responded to the various demands of further lockdowns, online teaching, creating testing centres on each campus with an associated online reporting mechanism and are preparing for the demands in September.

For a large part of the year, we were having weekly meetings with the Local Authority and Public Health Dorset who were impressed with all of our measures and used much of our material as exemplars for schools and other organisations in the area.

Resources

- The College group employs 631 people, of whom 267 are teaching staff.
- The College enrolled approximately 8,162 students. The College's student population includes 2,707 16-to-18 year-old students, 2011 apprentices, 297 higher education students, 52 international students and 2,509 adult learners
- The College has £14m (2020: £14m) of net assets excluding £46m pension liability (2020: £48m) and long-term debt of £5m (2020 £6m).
- Tangible resources include the College's three sites.

Strategic Report (continued)

Stakeholders

The College has many stakeholders including:

- its current, future and past students
- its staff and their trade unions. The trade unions of which Bournemouth and Poole College staff are members are the University and College Unions, National Education Union and Unison
- the employers it works with
- the professional organisations in the sectors where it works
- its partner schools and universities
- the wider College community
- its local councils and Local Enterprise Partnership.

Public Benefit

The Bournemouth & Poole College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19-20. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 8162 students, including 156 students with high needs.

The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and provides training to 2000 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial Results

	Year ended July 2021	Year ended July 2020
	£000	£000
Total Income	29,699	29,425
Staff costs	(19,816)	(19,506)
Non staff costs	(9,846)	(9,548)
Operating Surplus	37	371
FRS 102 pension charge (incl. in staff costs)	(1,907)	(1,081)
FRS 102 pension interest (incl. in Interest- Non-pay)	(641)	(688)
Share of deficit in Joint Venture <i>note 1</i>	(123)	(114)
(Deficit) for the year	(2,634)	(1,512)

Note 1 The share of the joint venture's loss included £126k of FRS102 pension related charges (2019/20 £98k).

The Group generated a deficit before other gains and losses of £(2,634k) (19/20: £ (1,512k)). The decrease in performance from the prior year was largely due to reductions in income arising from the Covid-19, particularly the drop in international income and was partly offset by savings in non-staff costs.

We have significant reliance on the education sector funding bodies as our principal funding sources, largely from recurrent grants. In 2020/21 the funding bodies provided 77% of our total income (19/20: 71%).

Strategic Report (continued)

Financial Impact of Covid-19

The financial impact of Covid-19 was much worse during 2020/21 than the previous years. Our total international income reduced to £65k from a budget of £664k. The number of apprenticeships starts was down significantly in September as we expected, but employers who planned to defer starts until the second half of the year scrapped those plans completely given the January lockdown. We were disappointed that the Funding Body set the threshold for earning the Adult Education Budget at 90% given (i) we overdelivered on the reduced threshold for 2019/20 by over £0.5m and (ii) we had not furloughed any of the lecturers as we had been told our income would be protected. In July the Funding Body announced they would accept requests for mitigation but we are skeptical because in both financial years we were awarded Provider Relief Funding (£89k in 2019/20 and £69k in 2020/21) to mitigate our loss in apprenticeship income, but £73k of that has been clawed back this year. Lockdown resulted in a significant shortfall in our catering income. On the positive side, our income reflects £337k (£416k 19/20) from the Job Retention Scheme.

In addition to lost income, our expenditure includes over £180k additional costs directly related to Covid-19; cleaning, setting up testing centres etc. We were disappointed that our funding to support the testing centres was much less than we anticipated because it relied on those tested to have recorded their results on the NHS website and despite all our promoting of this, we only estimate 50% of our total tested was recorded and therefore funded.

Cashflows and liquidity

The cash inflow from operating activities was £3,746k (19/20: £2,288k). Total cash balances increased by £3,000k in year (19/20: increased £1,752k). Cash at bank and in hand on 31 July 2021 was £5,933k (19/20: £2,933k).

In the last two years we have been able to reduce the amount of our own cash we have invested in capital as we have been successful with various bids to the Dorset LEP and this year we received an allocation of £1.1m from the Department for Education. As we plan for the next few years, we are conscious we need to reinstate our self-funded capital budget whilst still generating a healthy cash position each year.

Developments

In the year, c £1.2m of our total capital spend related to projects funded by the Dorset LEP. One of these projects is ongoing and a further £439k will be spent in 2021/22. In September 2020 we received a £1.1m allocation from the Department for Education (DfE). This was to have been spent by 31st March 2021 but for the reason explained below, we applied for an extension and these funds will now all be spent by 30th September 2021. As all of this funding is being spent on remedial repairs etc, our external auditors agreed that we treat this as income and expenditure in the year rather than a deferred capital grant and capitalize the expenditure.

In December 2020 we were invited to a meeting with officials from the DfE to be told we are one of 16 colleges who have been selected for a significant capital project based on the results of the condition survey carried out by DfE surveyors in November 2019. Our Lansdowne Campus has been selected because so much of the accommodation fell into categories C and D and the aim of the DfE Capital Transformation Fund is to ensure all college buildings are at least in category B. In 2016 we developed plans for the Lansdowne Campus and sought funding from the Dorset LEP but this was not available. The DfE thinking for the campus is much along the lines we'd planned.

We regard this project as very exciting and a once in a generation opportunity to improve our estate at the Lansdowne and are engaging external partners, such as BCP Council, to ensure we deliver something fit for the town and future.

Reserves

The College group has accumulated reserves excluding pensions of £14,254k, pension reserve of £(45,866)k and cash balances of £5,933k. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements.

Strategic Report (continued)

Sources of income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely recurrent grants. In 2020/21, ESFA provided 77% of the College's total income.

Group companies

The College has two subsidiary companies:

- Southern Educational Facilities Management Limited (SEFM) formerly Bournemouth & Poole College Services Limited started trading on 1st August 2019 having been dormant for a number of years. SEFM provides cleaning services to the College and the College reimburses SEFM at cost so no profits or losses accrue in the company.
- Southern Educational Professional Services Limited (SEPS) started trading in January 2020. The purpose of the company was to employ non-teaching staff that would traditionally have been employed by the College and in so doing be able to offer a NEST pension scheme with a lower employer contribution rate than the Dorset County Pension Scheme. SEPS provides the services of these staff to the College and the College reimburses SEPS at cost so no profits or losses accrue in the company.

The College is also involved in a Joint Venture company, Wessex Education Shared Services Limited (WESS) with Brockenhurst College. The principal activity of WESS is to provide shared administrative services to the colleges. WESS is a cost sharing group and as such, plans only to recover its operating costs from the colleges.

In May 2021 the College wrote to the Executive Head of WESS to resign our position in the company. The Articles of Association require notice to be given prior to the 31st July in one year for the full exit to have been affected by 31st July the following year. We are working closely with colleagues in WESS and Brockenhurst College to affect as smooth and quick an exit as possible in order to reduce down the period of uncertainty such a decision will have created for WESS staff.

Streamlined Energy and Carbon Reporting

Greenhouse gas emissions and energy use data for the period 1.8.19 to 31.7.20

Energy consumption used to calculate emissions (kWh)	
Gas	2,141,623
Electricity	2,072,400
Transport fuel	91,900
	4,305,923
Scope 1 emissions in metric tonnes CO2e	
Gas consumption	393.00
Owned transport	22.97
	415.97
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	483.00
Scope 3 emissions in metric tonnes CO2e	
Business travel in employee owned vehicles	30.85
Total gross emissions in metric tonnes CO2e	929.82
Intensity ratio	
Tonnes CO2e per member of staff (725)	1.28

Strategic Report (continued)

The College has three main sites, all with their own gas-fueled boilers and electricity to purchase from the grid network. The College owns ten vehicles, nine diesel-powered mini-buses and has approximately 725 staff some of whom claim business mileage.

Quantification and Reporting Methodology

We have followed the ESFA Streamlined Energy and Carbon Reporting (SECR) 2020 Guidance. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per staff member; the recommended ratio for the sector.

Measures taken to improve energy efficiency

LED lighting has been installed to one site for public areas and we have installed 200 PV panels to generate electricity. Many of our buildings have been clad to improve thermal energy. We procure energy efficient IT including desktop PCs and server units and promote our cycle to work scheme and care sharing.

Scope	Definition	Unit	Source Information	Total	GHG Factor 2020	TCO ₂ e
1	Purchased gas	kWh	Verified Invoices	2,141,623 kWh	0.18387	393
1	Diesel (College pool vehicles includes vans and minibuses)	Consumed litres	Monthly fuel receipts	9,024 lts	2.54603	22.97
2	Purchased electricity	kWh	Verified Invoices	2,072,400 kWh	0.23314 Gen 0.02005 T&D	483
3	Business mileage	Miles	Finance travel claims paid	110,000 miles	0.28052 P	30.85
Total tonnes of CO₂e						929.82

Future developments

Our Strategic Plan 2020-2023: Transforming Futures is underpinned by a number of strategies, each of which has their own implementation plan and set of KPIs. These underpinning strategies are:

- Marketing
- Curriculum
- HE
- Careers
- Organisational Development
- Digital Transformation
- Financial
- Estates
- IT
- Sustainability
- Equality, Diversity and Inclusion

We have cross-referenced the projects in each implementation plan to our Strategic Outcomes and have developed a suit of KPIs so that we can report to the Board on progress towards achieving them. For example, the top three projects in the Marketing Strategy:

- Strengthen our relationships with local schools
- Improve our customer relationship management
- Strengthen the depth of our relationships with leaders and large employers in our primary industrial sectors

will contribute to the Strategic Outcome: Outstanding Brand and Reputation

Financial plan

The College governors approved a financial plan in June 2021 which sets objectives for the period until 2023 and the numbers incorporated in this plan was submitted to the ESFA in the new College Financial Forecast Report alongside an accompanying commentary. In all three years of the plan the College will meet its bank loan covenant tests and have a financial health assessment grade of Good.

Strategic Report (continued)

Treasury policies and objectives

With regard to Financial Condition, the Board's Governance Policy Manual stipulates that:

The Principal shall not:

- Allow the College's financial health assessment to fall below *requires improvement*
- Spend funds that would exceed any approved overdraft facility
- Enter into any long-term borrowing arrangement
- Breach any loan covenants
- Deliver surpluses that are lower than agreed
- Allow the cash flow delivery to be lower than agreed.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College Group's reserves include £nil (2020: £nil) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £11,293k (2020: £11,100k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

A detailed risk register and a risk dashboard is maintained at College level and is reviewed at each Audit Committee meeting and is then reported at the subsequent Board meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The current version of our risk register identifies 17 individual risks and the 3 top risks are:

- Significant loss of data and disruption through a cyber attack
- The College's decision to exit the shared service causes issues with levels of service and impacts negatively on our relationship with Brockenhurst College
- Staff do not follow our safer recruitment policy

KEY PERFORMANCE INDICATORS

As stated above, each of our underpinning strategies has an accompanying implementation plan which describes the objectives it will achieve that will enable the College to deliver its strategic outcomes. We have developed a suite of KPIs in order that we can report to the Board on our progress to achieving our objectives.

Strategic Report (continued)

	Operational Targets	Strategy	20/21 Target
External Quality Indicators	FE Students who would recommend the College	Curriculum	91.0%
	Apprentices who would recommend the College	Curriculum	92.5%
	HE Student Satisfaction	HE	85.5%
	Employers who would recommend the College		82.0%
	Overall full-time 16-18 applications	Marketing	
	Full-time 16-18 enrolments at day 43	Marketing	2849
	Conversion rates by area/course	Marketing	
	College digital ranking	Marketing	
	School source data - tracking performance of each key school on students sent by course	Marketing	
	Website & SEO analytics	Marketing	
	Overall effectiveness		Good
	Quality of HE provision		Meets Exp
	Growth & Development	16-18 Market Share	Marketing
Level 4/5 provision expands			610
Curriculum	Employment Advisory Boards established	Curriculum, HE	6
	Positive Student Destinations (16-18)		97.0%
	HESA Destination Survey (HE)		tbc
Internal Quality Indicators	Overall effectiveness – FE / Apprenticeships		Good
	Quality of HE provision		Good
	Students make Good or Better progress	Curriculum, HE	89.0%
Student Development & Achievement	Attendance		91.0%
	16-18 Achievement Rate	Curriculum	88.0%
	Adult Achievement Rate	Curriculum	90.0%
	Apprenticeship Overall Achievement	Curriculum	71.0%
	GCSE English Grades 9-4	Curriculum	45.0%
	GCSE Maths Grades 9-4	Curriculum	39.0%
	English Functional Skills	Curriculum	70.0%
	Maths Functional Skills	Curriculum	56.0%
	Value Added – Applied General	Curriculum	6
	HE continuation rate	HE	94.5%
	Achievement of Gatsby benchmarks	Careers	Achieved
	Staff wellbeing (% of staff who contact EAP)	OD	Not set
	Staff engagement (% of staff who respond to wellbeing survey)	OD	Not set
	Staff turnover / retention	OD	20%
	Staff absence	OD	20%
	Average length of service	OD	Not set
Digital Capability	Applications per job	OD	Not available
	Teachers embedding digital into delivery	Digital	60.0%
	Curriculum with digital content	Digital	50.0%
	Completion of Microsoft MEC and MIE (teachers)	Digital	40.0%
Financial Indicators	Use of bursary to address digital poverty	Digital, IT	20.0%
	Adjusted current ratio >1	Financial	0.84
	EBITDA as % of income >6%	Financial	6.79%
	Borrowing to Income % <40%	Financial	19.07%
	Net cashflow to debt servicing must be at least 1.1 to 1.0	Financial	3.7
	Net borrowings to EBITDA must not exceed 3.0 to 1.0	Financial	42.5
	Lowest point in cashflow >£500k	Financial	£583k
Resource Indicators	Total Income	Financial	£29.9m
	Cyber accreditation	IT	Essentials
	Gross Internal area (GIA) of estate m ²	Estates	41,383
	GIA per learner m ²	Estates	5.00
	Cost per m ²	Estates	£210
	% of our estate in condition category D	Estates	5%
	% of our estate in condition category C	Estates	30%
Space utilisation	Estates	36%	

Strategic Report (continued)

Student Achievements

Students continue to prosper at the College.

	20/21	19/20	18/19	17/18
16-18 year-olds	82.74%	85.97%	86.85%	79.10%
19+	83.54%	88.12%	88.53%	86.94%
Maths	50.66%	64.96%	73.86%	68.35%
English	70.59%	77.58%	78.18%	69.93%
Total	83.06%	86.75%	87.58%	82.22%

In February, we had our Progress Monitoring Visit from Ofsted which concluded that we have made significant progress since our last full inspection in February 2019.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations 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 per cent. During the accounting period 1 August 2020 to 31 July 2021, the College paid 93 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Equality, Diversity and Inclusion

Our Equality, Diversity and Inclusion Policy is available on our website, and the key principles are set out below.

We champion equality and diversity which, for us, are about being pro-active, practical and positive. We promote equality because we believe it is the right thing to do and we value diversity because it makes the College a more creative place to learn and work.

Because we receive public funds, we are bound by the Equality Act 2010 and the Public Sector Equality Duty. This requires us, in all that we do, to have due regard to the need to:

- eliminate unlawful discrimination and harassment,
- advance equality of opportunity between people who share a protected characteristic and those who do not,
- foster good relations between people who share a protected characteristic and those who do not.

Our equality priorities are set to provide protection from discrimination or harassment on the basis of eight characteristics: age, race, gender, gender identity, religion/ belief, sexuality and disability, marriage and civil partnership and pregnancy, maternity and paternity.

Equality and diversity are managed by the Senior Leadership. There is an Equality, Diversity and Inclusion Group that researches and promotes best practice and helps to write the annual Equality Action Plan. Progress against the Plan is monitored by the Group and also by the Corporation. We also have six Equality Champions who help us to keep issues in the spotlight.

Our Policy sets out our approach to Equality, Diversity and Inclusion in the following areas:

- students and studying,
- staff and working,
- leadership and managing,
- local community and procurement,
- places and spaces - our environment.

Strategic Report (continued)

Gender pay gap reporting

	Year ending 31 March 2020
Mean gender pay gap	12.65%
Median gender pay gap	24.26%
Mean bonus gender pay gap	100%
Median gender bonus gap	100%
Proportion of males/females receiving a bonus	0.84%/0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	22.82%	77.18%
2 - Lower middle	38.51%	61.49%
3 - Upper middle	43.92%	56.08%
4 - Upper quartile	56.08%	43.92%

The College publishes its annual gender pay gap report on its website.

Disability Statement

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

As part of the Estates Strategy, we complete Access Audits at the end of each stage. The results form the basis for future capital projects aimed at improving access. We also publish a Property Strategy Access and Inclusion Statement to achieve the objectives set down in The Equality Act 2010.

The College has an appointed staff member who provides information and advice and arranges support where necessary for students with disabilities.

There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the Study Advice Centres.

We have a Student Admissions Policy and appeals against a decision not to offer a place are dealt with under the Complaints Policy.

The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and / or disabilities. There are a number of learning support staff who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.

Specialist programmes are described in College prospectuses and achievements and destinations are recorded and published in the standard College format.

Counselling and welfare services and the Complaints and Disciplinary Procedures are described in the College Student Handbook, which is issued to students at induction.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations in April 2017 require the College to publish information on facility time arrangements for Trades Unions Officials at the College.

Employees in your organisation

- 500 to 1,500 employees

Trade union representatives and full-time equivalents

- Trade union representatives: 3
- FTE trade union representatives: 0.61

Strategic Report (continued)

Percentage of working hours spent on facility time

- 0% of working hours: 0 representatives
- 1 to 50% of working hours: 3 representatives
- 51 to 99% of working hours: 0 representatives
- 100% of working hours: 0 representatives

Total pay bill and facility time costs

- Total pay bill: £19,192,462
- Total cost of facility time: £24,659
- Percentage of pay spent on facility time: 0.13%

Paid trade union activities

- Hours spent on paid facility time: 1,149
- Hours spent on paid trade union activities: 25
- Percentage of total paid facility time hours spent on paid TU activities: 2.18%

GOING CONCERN

The Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The financial impact of COVID-19 on the College during 2020/21 was not as great as first feared and we have returned an operating surplus before the pension adjustment.

The budget for 2021/22 assumed a deficit of £608k and we expect further improvements to be made throughout the year. Even with a deficit of £608k the College expects a positive cashflow all year.

EVENTS AFTER THE REPORTING PERIOD

There are no significant post balance sheet events.

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 16 December 2021 and signed on its behalf by:



D.Ford
Chair

Statement of Corporate Governance and Internal Control

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of our annual report and accounts to obtain a better understanding of our governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

We endeavour to conduct our business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("The Code"); and
- Having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

We are committed to exhibiting best practice in all aspects of corporate governance and in particular we have adopted and complied with The Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Corporation, the College complies with all the provisions of The Code and it has complied throughout the year ended 31 July 2021. 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. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 (and republished in 2019), which it formally adopted on 1 October 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The members of the Corporation, 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 within our Operating & Financial Review.

The Corporation

Lists of members who served on the Corporation during the year and up to the date of signature of this report are set out on pages 19-20.

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, academic quality indicators and HR related matters such as health and safety and environmental issues.

In 2020/21 the Corporation operated a Policy Governance® model. The requirement was for at least seven meetings a year and this was the case. During the year, the Corporation was supported in the conduct of its business by a number of committees, each of which has terms of reference that have been approved by the Corporation. These committees are Remuneration, Search & Governance, and the Audit Committee, together with a semi-formal Finance Advisory Group, a Curriculum Advisory Group and a Strategic Advisory Group. Full minutes of Board and Committee meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

The Bournemouth and Poole College
North Road
Poole
BH14 0LS.

The Clerk to the Corporation maintains a register of financial and personal interests of the members, which is available for inspection at the above address.

Statement of Corporate Governance and Internal Control (continued)

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on a regular basis and Board members participate in strategic planning each year. The Corporation has overall responsibility for reviewing and approving the annual Financial Statements, taking assurance from the opinions of the Finance Advisory Group and the Audit Committee.

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

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

All members are non-executive volunteers and carry out their roles without receiving payment or personal financial benefit.

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 & Governance Committee, consisting of four members of the Corporation including the Principal. The Committee 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 initially appointed for a 3-year term of office. This may be extended to two terms. Membership will only be extended beyond 6 years in exceptional circumstances.

Governance Professional

The Board is supported by an experienced and efficient Director of Governance and Clerk to the Corporation. The Director of Governance has undertaken a number of activities to develop over the year to 31 July 2021, including completion of the Technical Aspects of the Governance Professional programme, attendance at the AoC Governance Professionals Annual Conference and at a number of AoC South West Governance Professional events.

Corporation Performance – SAR Statement

Governance is Good. Governance policies are reviewed annually to ensure compliance and accountability. Board Members use their wide-ranging skills to provide rigorous scrutiny and to contribute to and ratify the strategic direction of the College. They challenge management reports appropriately and ensure that risk management is carried out. The Board receives regular performance reports and monitors under-performing areas. Agreed performance targets are regularly monitored and Board Members are well informed about the financial health of the College.

Safeguarding training for Board Members, including Prevent training, is up to date and is regularly refreshed. Emphasis is placed on the promotion of Equality and Diversity throughout all aspects of the Board's business. Board Members carry out learning walks and networking activities with College managers and students.

The Board annually reviews its own performance through group and individual self-assessment. Performance reviews of individual Members were carried out by the Chair during Summer 2021. The Chair's performance was reviewed by the Corporation on 29 June 2021. The Corporation assessed its overall performance on 8 October 2021 from which an Improvement Plan for 2021-22 has been developed.

Statement of Corporate Governance and Internal Control (continued)

Following a self-referral, the Board had an External Board Review, which took place in Spring 2021. A report was received which included a number of recommendations which are being progressed by the Corporation.

Remuneration Committee

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. Details of remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

Audit Committee

Throughout the year ending 31 July 2021 the Audit Committee comprised two members of the Corporation (excluding the Accounting Officer) plus one external co-opted members. The Committee operates in accordance with the written terms of reference approved by the Corporation.

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 those reports from the main FE funding bodies that affect the College's business. The Audit Committee is responsible for reviewing the corporate statements within the draft annual Financial Statements before presentation to the Corporation, taking into consideration the opinion of the Finance Advisory Group on the reliability of the year-end accounts, the management letter from the External Audit and Regularity Audit, and that correct accounting treatments have been applied.

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

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

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

Financial Advisory Group

The Financial Advisory Group, attended by three Board members, the Chief Operating Officer and the Head of Finance (WESS) meets at least termly to more thoroughly review and monitor the College's management accounts on behalf of the Corporation. It also has a responsibility to review the draft annual Financial Statements each November and to give an opinion to the Audit Committee regarding the reliability of the year-end accounts, to give assurance that they are in line with expected outcomes based on the monthly management accounts.

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 Financial Memorandum 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 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

Statement of Corporate Governance and Internal Control (continued)

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 2021 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 year ending 31 July 2021 and up to the date of approval of the annual reports 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 Finance Advisory Group and the Corporation, of periodic and annual financial reports which indicate financial performance against forecasts
- setting and monitoring targets to measure financial and other performance
- clearly defined capital investment control guidelines
- 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 Education and Skills Funding Agency's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At a 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.

Review of Effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and reporting accountant to regularity assurance.

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 that is in place.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit

Statement of Corporate Governance and Internal Control (continued)

Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 16 December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2021.

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

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

The College had total loans of £6.0 million as at 31 July 2021. In October 2014 the College refinanced its previous loans into a new single loan with Natwest and also drew down a second loan to the value of £5.5 million to fund the on-going College Capital Investment Fund project, part funded by the Skills Funding Agency (now the ESFA). Of this £1.9 million was repaid in September 2015 following the sale of the Lower Constitutional Hill site, with the remaining balance crystallising into a long-term loan. The financial results for the year ended 31 July 2021 are such that the College is compliant with the two covenants tests that operate on both loans.

The financial results for the year ended 31 July 2021 result in the College's financial health (as determined by the ESFA) being good.

The cashflow and accompanying commentary we submitted to the ESFA within the College Financial Forecast Return at the end of July 2021, demonstrate the College remains in positive funds through until the end of August 2023.

The outcome of a number of FE Commissioner Diagnostic Assessments carried out in 2020 and 2021, resulted in no recommendations to improve our financial health.

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

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by:



D Ford
Chair



D Grannell
Accounting Officer

Statement of Corporate Governance and Internal Control (continued)

MEMBERS OF THE CORPORATION

The members who served on the Corporation during the year 2020/21 and up to the date of signature of this report are listed in the table below.

<u>Name</u>	<u>Date of Appointment</u>	<u>Term of Office</u>	<u>Date of Resignation</u>	<u>Committees Served</u>	<u>Attendance in 2020/21*</u> Total No. of meetings held in 2020/21: Board: 8 Audit: 3 Search & Governance: 3 Remuneration: 6
Mrs Lorna Carver	March 2015 – February 2021 Re-appointed March 2018	3 years	28 February 2021	Board Lead for Safeguarding & Prevent	Board: 100%
Mr Bill Cotton	March 2018 – February 2021	3 years	28 February 2021		Board: 20%
Mr Stewart Cotterill	May 2019 – June 2021	3 years	21 June 2021	Member: Curriculum Advisory Group	Board: 50%
Mr John Dale	October 2019	3 years		Member: Finance Advisory Group	Board: 89%
Mr David Ford	April 2015 Re-appointed April 2018 and April 2021	Until July 2023		Chair of the Corporation Chair: Search & Governance Member: Finance Advisory Group Member: Remuneration	Board: 100% Search & Governance: 100% Remuneration: 100%
Mrs Caroline Foster	September 2015 Re-appointed September 2018 and September 2021	Until July 2023		Vice Chair of the Corporation Member: Search & Governance Member: Remuneration Chair: Curriculum Advisory Group	Board: 100% Search & Governance: 100% Remuneration: 100%
Mrs Diane Grannell	September 2015	Principal		Member: Search & Governance	Board: 100% Search & Governance: 100%
Mr Ian Jones	November 2019	3 years		Member: Audit	Board: 89% Audit: 66%
Mrs Caron Khan	August 2020	3 years			Board: 78%
Mr Dan Tout	July 2019	3 years		Chair: Audit	Board: 100% Audit: 100%

Name	Date of Appointment	Term of Office	Date of Resignation	Committees Served	Attendance in 2020/21* Total No. of meetings held in 2020/21: Board: 8 Audit: 3 Search & Governance: 3 Remuneration: 6
Miss Sue Wellman	March 2018, re-appointed March 2021	3 years		Chair: Remuneration Member: Curriculum Advisory Group Member: Search & Governance	Board: 100% Search & Governance: 100% Remuneration: 100%
Mrs Melanie Wilkins	August 2021	3 years	2 Nov 2021		Board: 67%
Mr Arthur Whiteside	October 2019	3 years	30 June 2021	Chair: Finance Advisory Group	Board: 89%
Mr Jonathan Wood	October 2019	2 years (Staff Member)	8 October 2021		Board: 100%
Ms Brittany Chaplin	9 October 2021	2 years (Staff Member)			
Ms Martyna Meramow	September 2020	1 academic year (Student Member)			Board: 75%
Mr Robbie Campbell	September 2020	1 academic year (Student Member)			Board: 50%
Ms Chloe Cook	September 2021	1 academic year (Student Member)			
Vacancy – HE Student BM	September 2021	1 academic year (Student Member)			
Dr Michael Fanner	1 October 201	3 years		Board Lead for Safeguarding & Prevent	
Ms Saba Mohammed	1 November 2021	3 years			
Mrs Neethu Stephen - Co-opted member of Audit Committee from 1 September 2020					Audit: 66%
Overall Attendance 2020/21 for Board and Committees*					Total: 86%

* It should be noted that Members also attended various College events, meetings and external AoC events during the year.

During the year there were three meetings of the audit committee.

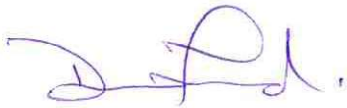
Statement of Regularity, Propriety and Compliance

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

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

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

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by:



D Ford
Chair

Date: 16/12/2021



D Grannell
Accounting Officer

Date: 16/12/2021

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 College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2020 to 2021 issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

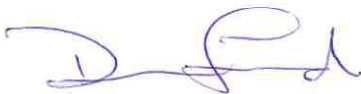
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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 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 the 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.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place 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 from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by:



D Ford
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BOURNEMOUTH & POOLE COLLEGE

Opinion

We have audited the financial statements of Bournemouth & Poole College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2021 which comprise the consolidated and College statements of comprehensive income, the consolidated and College balance sheets, the consolidated and College statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the Group's and the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2020 to 2021 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

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

Responsibilities of the Corporation of Bournemouth & Poole College

As explained more fully in the Statement of the Corporation Responsibilities set out on pages 14 to 18, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the college through discussions with governors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the college, including safeguarding, Ofsted, ESFA and OfS regulatory requirements, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the college's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed all transactions listed;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 9 April 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Alliotts LLP

Alliotts LLP (Dec 16, 2021 15:44 GMT)

Alliotts LLP
Chartered Accountants
Friary Court
13 -21 High Street
Guildford
Surrey
GU1 3DL

Date: Dec 16, 2021

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF BOURNEMOUTH & POOLE COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (THE ESFA).

In accordance with the terms of our engagement letter dated 9 April 2020 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Bournemouth & Poole College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Bournemouth & Poole College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we perform additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Alliotts LLP
Alliotts LLP (Dec 16, 2021 15:47 GMT)

Alliotts LLP
Date: Dec 16, 2021

**THE BOURNEMOUTH AND POOLE COLLEGE
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

		Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
	Notes				
INCOME					
Funding body grants	2	2,885	22,885	20,788	0,788
Tuition fees and education contracts	3	5,474	5,474	6,640	6,640
Other grants and contracts	4	556	481	616	556
Other income	5	777	771	1,374	1,367
Endowment and investment income	6	7	7	7	7
Total income		<u>29,699</u>	<u>29,618</u>	<u>29,425</u>	<u>29,358</u>
EXPENDITURE					
Staff costs	8	21,723	21,183	20,587	20,170
Other operating expenses	9	7,672	8,131	7,504	7,854
Depreciation	13	2,082	2,082	1,909	1,909
Interest and other finance costs	10	733	733	823	823
Total expenditure		<u>32,210</u>	<u>32,129</u>	<u>30,823</u>	<u>30,756</u>
Deficit before other gains and losses		(2,511)	(2,511)	(1,398)	(1,398)
Share of operating deficit in joint venture		123	-	114	-
(Deficit) before tax		<u>(2,634)</u>	<u>(2,511)</u>	<u>(1,512)</u>	<u>(1,398)</u>
Taxation	11	-	-	-	-
Deficit for the year	12	<u>(2,634)</u>	<u>(2,511)</u>	<u>(1,512)</u>	<u>(1,398)</u>
Actuarial gain/(loss) in respect of pension schemes	23	4,944	4,944	(13,013)	(13,013)
Share of Joint Venture's actuarial gain/(loss) in respect of pension schemes		260	-	(663)	-
Total Comprehensive Income for the year		<u><u>2,570</u></u>	<u><u>2,433</u></u>	<u><u>(15,188)</u></u>	<u><u>(14,411)</u></u>
Represented by:					
Unrestricted comprehensive income		2,570	2,433	(15,188)	(14,411)
		<u>2,570</u>	<u>2,433</u>	<u>(15,188)</u>	<u>(14,411)</u>
Deficit for the year attributable to:					
Non controlling interest		-	-	-	-
Group		<u>(2,634)</u>	<u>(2,511)</u>	<u>(1,512)</u>	<u>(1,398)</u>
Total Comprehensive Income for the year attributable to:					
Non controlling interest		-	-	-	-
Group		<u>2,570</u>	<u>2,433</u>	<u>(15,188)</u>	<u>(14,411)</u>

**THE BOURNEMOUTH AND POOLE COLLEGE
CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES**

	Income and Expenditure account		Revaluation reserve	Total excluding non-controlling interest
	Endowment £'000	Unrestricted £'000	£'000	£'000
Group				
Balance at 1st August 2019	-	(21,993)	2,999	(18,994)
Balance at 1st August 2019 as restated	-	(21,993)	2,999	(18,994)
Surplus/(deficit) from the income and expenditure account	-	(1,512)	-	(1,512)
Other comprehensive income	-	(13,676)	-	(13,676)
Transfers between revaluation and income and expenditure reserves	-	19	(19)	-
Total comprehensive income for the year	-	(15,169)	(19)	(15,188)
Balance at 31st July 2020	-	(37,162)	2,980	(34,182)
Surplus/(deficit) from the income and expenditure account	-	(2,634)	-	(2,634)
Other comprehensive income	-	5,204	-	5,204
Transfers between revaluation and income and expenditure reserves	-	19	(19)	-
Total comprehensive income for the year	-	2,589	(19)	2,570
Balance at 31st July 2021	-	(34,573)	2,961	(31,612)
College				
Balance at 1st August 2019	-	(20,763)	2,999	(17,764)
Balance at 1st August 2019 as restated	-	(20,763)	2,999	(17,764)
Surplus/(deficit) from the income and expenditure account	-	(1,398)	-	(1,398)
Other comprehensive income	-	(13,013)	-	(13,013)
Transfers between revaluation and income and expenditure reserves	-	19	(19)	-
Total comprehensive income for the year	-	(14,391)	(19)	(14,411)
Balance at 31st July 2020	-	(35,155)	2,980	(32,175)
Surplus/(deficit) from the income and expenditure account	-	(2,511)	-	(2,511)
Other comprehensive income	-	4,944	-	4,944
Transfers between revaluation and income and expenditure reserves	-	19	(19)	-
Total comprehensive income for the year	-	2,452	(19)	2,433
Balance at 31st July 2021	-	(32,703)	2,961	(29,742)

THE BOURNEMOUTH AND POOLE COLLEGE
BALANCE SHEETS AS AT 31 JULY 2021

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Fixed assets					
Tangible assets - Property & Equipment	13	28,418	28,418	28,962	28,962
Tangible assets - Heritage assets	14	399	399	399	399
Total fixed assets		28,817	28,817	29,361	29,361
Current assets					
Stock		10	10	16	16
Trade and other receivables	15	1,549	1,569	1,992	2,030
Cash and cash equivalents	22	5,933	5,914	2,933	2,924
Total current assets		7,492	7,493	4,941	4,970
Creditors: amounts falling due within one year	16	(5,826)	(5,827)	(3,792)	(3,820)
Net current assets		1,665	1,666	1,149	1,150
Total assets less current liabilities		30,482	30,482	30,510	30,511
Creditors: amounts falling due after more than one year	17	(13,802)	(13,802)	(13,966)	(13,966)
Provisions					
Investment in joint venture	28	(1,869)	-	(2,006)	-
Defined benefit obligations	19	(407)	(407)	(458)	(458)
Other provisions	19	(150)	(150)	-	-
Net assets excluding pension liability		14,254	16,124	14,080	16,087
Net pension liability	23	(45,866)	(45,866)	(48,262)	(48,262)
NET LIABILITIES INCLUDING PENSION LIABILITY		(31,612)	(29,742)	(34,182)	(32,175)
Unrestricted reserves					
Income and expenditure account excluding pension reserve		11,293	13,163	11,100	13,107
Pension reserve		(45,866)	(45,866)	(48,262)	(48,262)
Income and expenditure account including pension reserve		(34,573)	(32,703)	(37,162)	(35,155)
Revaluation reserve	21	2,961	2,961	2,980	2,980
Total unrestricted reserves		31,612	(29,742)	(34,182)	(32,175)
TOTAL		(31,612)	(29,742)	(34,182)	(32,175)

The financial statements on pages 28 to 59 were approved and authorised for issue by the corporation on 16 December 2021 and were signed on its behalf that date by

D.Ford
Chair

D.Grannell
Accounting Officer

**THE BOURNEMOUTH AND POOLE COLLEGE
CONSOLIDATED STATEMENT OF CASHFLOWS**

	Notes	2021	2020
		£'000	£'000
Cash inflow from operating activities			
Deficit for the year		(2,634)	(1,512)
Adjustment for non-cash items			
Depreciation		2,082	1,909
Release of government capital grants		(725)	(411)
Decrease in stocks		6	-
Decrease in debtors		443	884
Increase/(decrease) in creditors due within one year		1,719	(608)
Increase in creditors due after one year		-	-
Increase in provisions		129	48
Pensions costs less contributions payable		1,877	1,049
Share of operating deficit in joint venture		123	114
Adjustment for investing or financing activities			
Investment income		(7)	(7)
Interest payable		92	135
FRS 102 pension finance costs		641	688
Net cash flow from operating activities		<u><u>3,746</u></u>	<u><u>2,288</u></u>
Cash flows from investing activities			
Investment income		7	7
Receipt of government capital grant		1,178	608
Payments made to acquire fixed assets		(1,537)	(714)
		<u><u>(352)</u></u>	<u><u>(100)</u></u>
Cash flows from financing activities			
Interest paid		(92)	(135)
New secured loans		-	-
Repayments of amounts borrowed		(302)	(302)
Capital element of finance lease rental payments		-	-
		<u><u>(394)</u></u>	<u><u>(437)</u></u>
Increase in cash and cash equivalents in the year		<u><u>3,000</u></u>	<u><u>1,752</u></u>
Cash and cash equivalents at beginning of the year	22	2,933	1,181
Cash and cash equivalents at end of the year	22	5,933	2,933
Increase		<u><u>3,000</u></u>	<u><u>1,752</u></u>
		<u><u>0</u></u>	<u><u>0</u></u>

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice:

Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Going concern

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

The College had total loans of £5.7m as at 31 July 2021 and operates within requirements of the bank covenants.

The budget for 2021/22 assumed a deficit of £608k and we expect further improvements to be made throughout the year. Even with a deficit of £608k the College expects a positive cashflow all year.

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.

Basis of Consolidation

The consolidated financial statements include the College and its subsidiary undertakings, Southern Educational Facilities Management Limited and Southern Educational Professional Services Limited using acquisition accounting. Intra-Group sales, balances and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021. Southern Educational Facilities Management Limited was dormant in 2019 and Southern Educational Professional Services Limited was incorporated 15 July 2019. The investment in the subsidiary is held at nil value in the College's accounts.

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year. The recurrent grant from Office for Students represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate. Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

Retirement benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified Government actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised in the Statement of Comprehensive Income as they are paid each year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Short term Employment benefits

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

Enhanced Pensions

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

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at deemed cost. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of up to 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

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

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July less any impairment loss. Finance set-up costs directly attributable to freehold developments are capitalised up to the date of completion of the project. Buildings are not depreciated until they are brought into use. Depreciation in the first year of use is charged from the month the building comes into use.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of inherited land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. Where significant expenditure is incurred on existing buildings, 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 has been depreciated on a straight-line basis over its useful economic life as follows:

Motor vehicles and general equipment	5 years
Computer equipment	3 years

Depreciation in the first year of use is charged in full. Fully depreciated items are removed from the balance sheet on an annual basis.

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

Heritage Assets

Where an asset is deemed to have historic, artistic, scientific, technological, geophysical, or environmental qualities, and is held principally for its contribution to knowledge and culture it is classified as a heritage asset. The College has a collection of artwork, consisting of sculptures and paintings, collected over the years for their educational value to art students in particular, but also to all vocational students and to the community as a whole.

Acquisitions are made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at market value for insurance purposes ascertained by the College at the time of the donation.

Heritage assets which were acquired on incorporation for no consideration, and pieces of artwork acquired after that date and prior to 31 July 2010, were brought into the accounts during the year ended 31st July 2010 via a prior year adjustment, at their market value for insurance purposes, or at the most reliable valuation available for each piece. The comparatives were restated to reflect the increase to their 2010 value for insurance purposes, with the surplus on revaluation being reported in the Statement of Comprehensive income, and within the revaluation reserve.

The collection of artwork is deemed to have an indeterminate life and a high residual value: hence the Trustees do not consider it appropriate to charge depreciation.

Preservation costs – expenditure which, in the Trustees' view, is required to preserve individual pieces of artwork is recognised in the Income and Expenditure account when it is incurred.

Further information on the collection is given in Notes 14 in the accounts.

Borrowing costs

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

Leased assets

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

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

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

THE BOURNEMOUTH AND POOLE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

Stocks

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

Liquid resources

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

THE BOURNEMOUTH AND POOLE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

Provisions and contingent liabilities

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

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

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

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

Endowment Funds

Funds are held by the Community Foundation for Bournemouth Dorset and Poole (Charity no 1122113) on behalf of the Group and College. Income from these funds is controlled by the Group and College and expended in accordance with the relevant trust deed. The Group and College have no legal title to the capital sums.

Jointly controlled entities

Undertakings in which the Group has a long-term interest and shares control under a contractual arrangement are defined as jointly controlled entities. Jointly controlled entities are accounted for under the gross equity method.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets* Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*. The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- *Provisions*. The college is withdrawing from its joint venture in WESS, in doing so this has created a construction obligation. Costs directly relating to the restructuring have been provided for based on the anticipated necessary structural changes to execute this withdrawal costed utilising quotes and the knowledge of management.

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

2 FUNDING BODY GRANTS

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Recurrent grant				
ESFA - Adult	2,313	2,313	2,551	2,551
ESFA - 16-18	14,269	14,269	13,505	13,505
ESFA - Apprenticeships	3,622	3,622	3,158	3,158
Office for Students	230	230	149	149
Specific Grants				
ESFA – 16-19 Tuition Fund	185	185	-	-
ESFA – Covid Testing	41	41	-	-
ESFA – Capital Grant	535	535	-	-
ESFA - 16-18	264	264	264	264
ESFA - provider relief scheme	(4)	(4)	89	89
Teacher Pension Scheme contribution grant	723	723	662	662
Release of deferred capital grant	725	725	411	411
TOTAL	22,885	22,885	20,788	20,788

3 TUITION FEES AND EDUCATION CONTRACTS

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Adult education fees	759	759	942	942
Apprenticeship fees and contracts	2,304	5,304	2,501	2,501
Fees for FE loan supported courses	568	568	607	607
Fees for HE loan supported courses	898	898	1,037	1,037
International students fees	60	60	480	480
Education contracts	885	885	1,072	1,072
TOTAL	5,474	5,474	6,640	6,640

3a TOTAL GRANT AND FEE INCOME

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Grant income from the OfS	230	230	149	149
Grant income from other bodies	22,655	22,655	20,639	20,639
Total grants	22,885	22,885	20,788	20,788
Fee income for taught awards (exclusive of VAT)	1,027	1,027	1,526	1,526
Fee income for research awards (exclusive of VAT)	-	-	-	-
Fee income from non-qualifying courses (exclusive of VAT)	4,447	4,447	5,114	5,114
Total tuition fees and education contracts	5,474	5,474	6,640	6,640
TOTAL	28,359	28,359	27,428	27,428

THE BOURNEMOUTH AND POOLE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

4 OTHER GRANTS AND CONTRACTS

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Other grant income	219	219	200	200
Coronavirus Job Retention Scheme grant	337	262	416	356
TOTAL	556	481	616	556

The corporation furloughed catering, estates and some other admin support staff under the government's Coronavirus Job Retention Scheme. The funding received of £337k (2020:£416k) relates to staff costs which are included within the staff costs note below as appropriate.

5 OTHER INCOME

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Cafeterias	316	316	460	460
Other income generating activities (Sales of books, equipment and materials)	213	207	244	237
Miscellaneous income	248	248	670	670
	777	771	1,374	1,367

6. ENDOWMENT AND INVESTMENT INCOME

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Income from investments	7	7	7	7
	7	7	7	7

The Endowment fund was granted to the College by the College Foundation during 2011. The entire endowment fund is held by the Community Foundation for Bournemouth Dorset and Poole (Charity no 1122113), for use in accordance with specific restrictions as defined in the relevant trust deeds however the Group and College do not have legal title to the capital from which this income is earned. Income to this fund during the year under review was nil (£2019 nil).

A separate Endowment fund was set up during 2013-14, as an Arts Prize Fund, using proceeds from the sale of artwork during the year ended July 2013. This fund is also held by the Community Foundation for Bournemouth Dorset and Poole. Income to the Arts Prize Fund during the year under review was £7,000.

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

7 DONATIONS

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Unrestricted donations	-	-	-	-
TOTAL	-	-	-	-

8 STAFF COSTS

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

	Group	College	Group	College
	2021	2021	2020	2020
Average staff numbers by headcount:				
Teaching staff	267	267	275	275
Non-teaching staff	364	328	353	321
	<u>631</u>	<u>595</u>	<u>628</u>	<u>596</u>

	Group	College	Group	College
	2021	2021	2020	2020
Average staff numbers by full time equivalent staff (FTE)				
Teaching staff	229	229	230	230
Non-teaching staff	294	267	291	266
	<u>523</u>	<u>496</u>	<u>521</u>	<u>496</u>

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

8 STAFF COSTS (continued)

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Staff costs for the above persons:				
Wages and salaries	14,738	14,197	14,453	14,044
Social security costs	1,339	1,305	1,331	1,309
Other pension costs	5,058	5,043	4,256	4,246
Payroll sub-total	21,135	20,545	20,040	19,599
Contracted out staffing services	480	530	367	390
	21,165	21,075	20,407	19,990
Fundamental restructuring costs-				
contractual	108	108	180	180
non contractual	-	-	-	-
Total	21,723	21,183	20,587	20,170

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal, Chief Operating Officer and Vice Principal.

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

	Group & College 2021 No.	Group & College 2020 No.
The number of key management personnel including the Accounting Officer was:	<u>3</u>	<u>3</u>

THE BOURNEMOUTH AND POOLE COLLEGE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)****8 STAFF COSTS (continued)**

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

	Key Management Personnel		Other Staff	
	Group & College	Group & College	Group & College	Group & College
	2021 No.	2020 No.	2021 No.	2020 No.
£85,001 to £90,000	-	2	-	-
£95,001 to £100,000	2	-	-	-
£135,001 to £140,000	1	1	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Salaries	332	312
Pension contributions	96	57
Total key management personnel compensation	<u>395</u>	<u>369</u>

The above compensation includes amounts paid to the Accounting Officer (who is also the highest paid member of staff) of:

	Group & College 2021 £'000	Group & College 2020 £'000
Salary	139	139
Pension contributions	23	23
TOTAL	<u>162</u>	<u>162</u>

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

8 STAFF COSTS (continued)

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The Principal and Chief Executive reports to the Chair of Governing Council, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance. The Committee complies with The Colleges' Senior Post Holder Remuneration Code published by the AoC. Detailed salary benchmarking information regarding the remuneration of the Principal is considered from the College Senior Pay survey and annual summary report.

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

	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	5.6	5.6
Principal and CEO's total remuneration as a multiple of the median of all staff	5.6	5.6

The median salary of staff was calculated based on FTE pay for all staff on payroll as at 31 July 2021. There was no compensation paid for loss of office to former key management personnel. The members of the Corporation other than the Accounting Officer and other staff governors did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

9 OTHER OPERATING EXPENSES

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Teaching costs	3,969	3,969	3,633	3,633
Non-teaching costs	2,579	2,580	2,718	2,718
Premises costs	1,124	1,582	1,153	1,503
Total	<u>7,672</u>	<u>8,131</u>	<u>7,504</u>	<u>7,854</u>

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Other operating expenses include:				
Auditors' remuneration:				
Financial statements audit	31	31	27	27
Internal audit	14	14	9	9
Depreciation	2,082	2,082	1,909	1,909
Hire of plant and machinery - operating leases	134	134	184	184

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

9a. ACCESS & PARTICIPATION

Access and Participation application plan for Bournemouth and Poole College can be found by following this link

https://www.thecollege.co.uk/sites/default/files/attachments/TheBournemouthAndPooleCollege_APP_2020-21_V1_10000820.pdf

The Access and Participation expenses detailed below include estimated staff costs. These staff costs are included in the staffing note 8.

During the year the following costs relate to Access & Participation.

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Access investment	83	83	101	101
Financial support	59	59	30	30
Disabled student support	2	2	3	3
Research and evaluation.	15	15	3	3
	<u>159</u>	<u>159</u>	<u>137</u>	<u>137</u>

10. INTEREST AND OTHER FINANCE COSTS

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	92	92	135	135
Net interest on defined pension liability (note 23)	641	641	688	688
Total	<u>733</u>	<u>733</u>	<u>823</u>	<u>823</u>

11 TAXATION

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
United Kingdom corporation tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

12 (DEFICIT) ON CONTINUING OPERATIONS FOR THE YEAR

The deficit on continuing operations is made up as follows:

	2021 £'000	2020 £'000
College's deficit for the year	(2,511)	(1,398)
Surplus generated by subsidiary undertakings and transferred to the college under gift aid	-	-
	(2,511)	(1,398)

The College owns 100% of the issued ordinary £1 shares of Southern Educational Facilities Management Limited and Southern Educational Professional Services Limited, companies incorporated in England and Wales.

13 TANGIBLE FIXED ASSETS (GROUP AND COLLEGE)

	Land and Buildings		Equipment	TOTAL
	Freehold	Leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	43,342	1,992	9,730	55,064
Additions	112	-	1,425	1,537
Disposals	-	-	-	-
At 31 July 2021	43,454	1,992	11,155	56,601
Depreciation				
At 1 August 2020	15,098	1,953	9,050	26,101
Charge for the year	1,297	1	784	2,082
Eliminated on disposals	-	-	-	-
At 31 July 2021	16,395	1,954	9,834	28,183
Net book value				
At 31 July 2021	27,059	38	1,321	28,418
Net book value				
At 1 August 2020	28,244	39	680	28,962

Inherited land and buildings were valued at open market value for existing use on 3 February 1993 at an amount of £6,985,000. They were acquired at incorporation at nil cost.

THE BOURNEMOUTH AND POOLE COLLEGE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)****14 TANGIBLE FIXED ASSETS - HERITAGE ASSETS (GROUP AND COLLEGE)**

	Sculptures	Paintings & Other	TOTAL
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2020	383	16	399
At 31 July 2021	383	16	399

A market valuation of the artwork acquired by the College on incorporation for no consideration was carried out for insurance purposes by Hazlitt Holland-Hibbert in September 2010. The artwork is disclosed on the balance sheet at the September 2010 valuation for insurance purposes.

15 DEBTORS

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts Falling Due Within One Year				
Trade debtors	410	410	559	559
Amount due from subsidiary undertakings	0	33	0	50
Amount due from associate undertaking	20	20	81	80
Prepayments and accrued income	621	608	791	779
Amounts owed by the ESFA	498	498	562	562
	1,549	1,569	1,992	2,030

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans and overdrafts	302	302	302	302
Finance Leases	-	-	-	-
Trade payables	354	354	232	232
Amounts due to subsidiary undertakings	0	16	0	35
Pension scheme contributions	311	309	315	310
Other taxation and social security	307	299	302	300
Payments received in advance	1,400	1,400	587	587
Deferred income- government capital grants	746	746	430	430
Amounts owed to the ESFA	626	626	65	65
Accruals	1,780	1,775	1,559	1,559
	5,826	5,827	3,792	3,820

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans	5,390	5,390	5,692	5,692
Finance Leases	-	-	-	-
Deferred capital grants	8,412	8,412	8,274	8,274
	<u>13,802</u>	<u>13,802</u>	<u>13,966</u>	<u>13,966</u>

18 MATURITY OF DEBT

(a) Bank loans and overdrafts

The bank loans are repayable as follows:

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
In one year or less	302	302	302	302
Between one and two years	302	302	604	604
Between two and five years	1,208	1,208	906	906
In five years or more	3,880	3,880	4,182	4,182
	<u>5,692</u>	<u>5,692</u>	<u>5,994</u>	<u>5,994</u>

The college has loans used to fund the college capital investment; part funded by the SFA. The loans are secured on the college's land and buildings. One bank loan is repayable by instalments falling between 29/02/2016 and 27/11/2040. Interest is payable on this loan at 1.5% above LIBOR. The other loan is repayable by instalments falling due between Dec 2015 and Sept 2040. Interest is payable on this loan at 1.5% above LIBOR.

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

18 MATURITY OF DEBT (continued)

(b) Finance leases

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

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

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

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Group & College Enhanced Pension Provision £'000	Group & College Other £'000	Group & College Total £'000
At 1 August 2020	458	-	458
Additions in year	-	150	150
Expenditure in the year	(30)	-	(30)
Transferred to income and expenditure account	(21)	-	(21)
At 31 July 2021	<hr/> 407	<hr/> 150	<hr/> 557

The Enhanced Pension Provision relates to the ongoing cost for staff who have left the College. It is calculated in accordance with guidance issued by the funding bodies.

In May 2021 the Corporation approved a recommendation that the College exits the shared services joint venture arrangement it has operated for a number of years with Brockenhurst College. During 2021/22 the various services provided by Wessex Educational Shared Services Limited (WESS) will therefore transfer back to the College group. This withdrawal from WESS will trigger liabilities and a provision of £150,000 has been created for this purpose.

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

20 LEASE OBLIGATIONS

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

	Group & College 2021 £'000	Group & College 2020 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
Other		
Not later than one year	113	181
Later than one year and not later than five years	80	211
Later than five years	-	-
	<u>193</u>	<u>392</u>

21 REVALUATION RESERVE

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
At beginning of year	2,980	2,980	2,999	2,999
Transfer from revaluation reserve to general reserve in respect of:				
Disposal of revalued land & buildings	-	-	-	-
Depreciation on revalued assets	(19)	(19)	(19)	(19)
At 31 July	<u>2,961</u>	<u>2,961</u>	<u>2,980</u>	<u>2,980</u>

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

22 CASH AND CASH EQUIVALENTS

Group:	1 August 2020	Cashflows	31 July 2021
Cash at bank and in hand	2,933	3,000	5,933

College:	1 August 2020	Cashflows	31 July 2021
Cash at bank and in hand	2,924	2,989	5,914

23 DEFINED BENEFIT OBLIGATIONS

The College Group's employees belong to three principal post-employment benefit plans:

1. Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, this is a multi-employer defined-benefit plan.
2. Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County Council and is a multi-employer defined-benefit plan.
3. NEST - for non-teaching staff commencing employment with Southern Educational Facilities Management Limited and Southern Educational Professional Services Limited. This is a government-run defined contribution plan. Contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Total Group pension cost for the year

	2021	2020
	£'000	£'000
Teachers' Pension Scheme contribution paid	1,688	1,624
Local Government Pension Scheme:		
Contributions paid	1,489	1,494
FRS 102 (28) adjustment	1,907	1,081
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	3,396	2,575
NEST Scheme: Contributions paid	15	10
Enhanced pension charge to Statement of Comprehensive Income	(21)	48
	<hr/>	<hr/>
Total Group pension cost for year within staff costs	5,058	4,256

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

THE BOURNEMOUTH AND POOLE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

23 DEFINED BENEFIT OBLIGATIONS (continued)

Teachers' Pension Scheme

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

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

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

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £1,688k (2020: £1,624k).

THE BOURNEMOUTH AND POOLE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

23 DEFINED BENEFIT OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Dorset Local Authority. The total contribution made for the year ended 31 July 2021 was £1,880k, of which employer's contributions totalled £1,489k and employees' contributions totalled £391k. The agreed contribution rates for future years for employers are set out below and for employees are from 5.5% to 12.5%, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	2.80%	2.25%
Future pension increases	2.80%	2.25%
Discount rate for scheme liabilities	1.60%	1.35%
Inflation assumption (CPI)	2.45%	2.25%
Commutation of pensions to lump sums	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 July 2021	At 31 July 2020
<i>Retiring today</i>		
Males	23.1	23.3
Females	24.8	24.8
<i>Retiring in 20 years</i>		
Males	24.4	24.7
Females	26.1	26.2

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

23 DEFINED BENEFIT OBLIGATIONS (continued)

The College's estimated share of assets and liabilities in the scheme and the expected rates of return were:

	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Equities	29,448	23,763
Liability driven investment	6,370	5,552
Other Bonds	3,065	3,659
Other Assets	9,614	8,100
Property	4,834	4,572
Cash	751	477
Total market value of assets	<u>54,082</u>	<u>46,123</u>

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

	2021 £'000	2020 £'000
Fair value of plan assets	54,082	46,123
Present value of plan liabilities	<u>(99,948)</u>	<u>(94,385)</u>
Net pension (liability)	<u>(45,866)</u>	<u>(48,262)</u>

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost and administration expenses	3,393	2,574
Past service costs	<u>3</u>	<u>1</u>
	<u>3,396</u>	<u>2,575</u>

THE BOURNEMOUTH AND POOLE COLLEGE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)****23 DEFINED BENEFIT OBLIGATIONS (continued)**

	2021 £'000	2020 £'000
Amounts included in Interest and other finance charges		
Net interest cost	641	688
	<u>641</u>	<u>688</u>

Amounts recognised in Other Comprehensive Income

	2021 £'000	2020 £'000
Return on pension plan assets	7,357	(2,496)
Other actuarial (losses)	-	(268)
Changes in assumptions underlying the present value of plan liabilities	(4,294)	(10,050)
Experience gain/(loss) on defined benefit obligation	1,881	(199)
Amounts recognised in Other Comprehensive Income	<u>4,944</u>	<u>(13,013)</u>

Movement in net defined benefit (liability) during the year

	2021 £'000	2020 £'000
Deficit in scheme at 1 August	(48,262)	(33,480)
Movement in the year:		
Current service cost	(3,352)	(2,543)
Administrative expenses	(41)	(31)
Employer contributions	1,489	1,494
Past service gain	-	-
Net interest on the defined (liability)	(641)	(688)
Changes in demographic assumptions	1,151	1,447
Curtailments and settlements	(3)	(1)
Actuarial loss	3,793	(14,460)
Net defined benefit Liability at 31 July	<u>(45,866)</u>	<u>(48,262)</u>

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

23 DEFINED BENEFIT OBLIGATIONS (continued)

Asset and Liability Reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at the start of period	94,385	81,224
Current service cost	3,352	2,543
Interest cost	1,264	1,692
Employee contributions	391	387
Changes in financial assumptions	5,445	11,497
Changes in demographic assumptions	(1,151)	(1,447)
Experience (gain)/loss on defined benefit obligation	(1,881)	199
Past service costs, including curtailments	3	1
Benefits paid	(1,860)	(1,711)
Defined benefit obligations at the end of period	<u>99,948</u>	<u>94,385</u>

	2021	2020
	£'000	£'000
Reconciliation of Assets		
Fair value of plan assets at start of period	46,123	47,744
Interest on plan assets	623	1,004
Return on plan assets	7,357	(2,496)
Other actuarial (losses)	-	(268)
Administrative expenses	(41)	(31)
Employer contributions	1,489	1,494
Scheme participants/other employer contributions	391	387
Benefits paid	(1,860)	(1,711)
Fair value of plan assets at end of period	<u>54,082</u>	<u>46,123</u>

THE BOURNEMOUTH AND POOLE COLLEGE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

23 DEFINED BENEFIT OBLIGATIONS (continued)

These accounts show a past service cost of £230M in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2021. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% per annum increase would increase the estimated cost by 65%.

24 CONTINGENT LIABILITIES

The College has provided a guarantee to the Dorset County Pension Fund section of the Local Government Pension Scheme, in respect of the past and future liabilities to the Funds for 49 employees. These 49 employees had their employment transferred to Wessex Education Shared Services Limited, a joint venture company of the College, on 1 August 2013. The guarantee will only be triggered in the event that the joint venture company is declared insolvent, or that the joint venture company fails to pay a contribution to the Fund within sixty days of the date it falls due. It is not possible to quantify what the liability would be in this event.

In May 2021 the Corporation approved a recommendation that the College exits WESS. During the course of 2021/22 the various services provided by the joint venture will transfer back to the College group under TUPE arrangements and WESS staff previously employed by the College with membership of the Local Government Pension Scheme will retain this pension and full liability will transfer to the College.

25 CAPITAL COMMITMENTS

	Group & College	Group & College
	2021	2020
	£'000	£'000
Commitments contracted for at 31 July	482	-

THE BOURNEMOUTH AND POOLE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

26 RELATED PARTY TRANSACTIONS

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

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

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020: nil).

Wessex Education Shared Services Limited (WESS) - A joint venture between Bournemouth and Poole College and Brockenhurst College

During the year under review income to the College from its joint venture (WESS) amounted to £43,407 relating to recharged expenses (2020 £50,148). Also, during the year under review the College paid £1,404,006 to its joint venture (2020 £1,358,122), which represented payments in respect of the Service Level Agreement existing between the two entities. At the year end the College was owed £23,691 by WESS (2020 £80,088) and the College owed WESS £nil (2020 nil). The College's share of net liabilities in its joint venture are shown at note 28.

The College has provided a guarantee to the Dorset County Pension Fund section of the Local Government Pension Scheme, in respect of the past and future liabilities to the Funds for 49 employees. These 49 employees had their employment transferred to Wessex Education Shared Services Limited on 1 August 2013.

In May 2021 the Corporation approved a recommendation that the College exits WESS. During the course of 2021/22 the various services provided by the joint venture will transfer back to the College group under TUPE arrangements and WESS staff previously employed by the College with membership of the Local Government Pension Scheme will retain this pension and full liability will transfer to the College.

27 AMOUNTS DISBURSED AS AGENT

Learner Support Fund	Group & College	Group & College
	2021 £'000	2020 £'000
Funding body grants - bursary support	344	393
Funding body grants - discretionary learner support	69	155
Other funding body grants	238	46
	<hr/>	<hr/>
	651	594
Disbursed to students	(552)	(510)
Audit and administration	(20)	(19)
	<hr/>	<hr/>
Balance unspent as at 31 July and included in creditors	79	65

Funding Body grants are available solely for students. In the majority of instances, the College only acts as paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

THE BOURNEMOUTH AND POOLE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

28 JOINT VENTURES

	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Share of assets				
Share of fixed assets	7	-	51	-
Share of current assets	52	-	89	-
	<u>59</u>	<u>-</u>	<u>140</u>	<u>-</u>
Share of liabilities				
Liabilities due within one year or less	(87)	-	(170)	-
Share of pension liabilities	(1,842)	-	(1,916)	-
	<u>(1,929)</u>	<u>-</u>	<u>(2,146)</u>	<u>-</u>
Share of net liabilities	<u>(1,869)</u>	<u>-</u>	<u>(2,006)</u>	<u>-</u>

The College has a 50% share with Brockenhurst College in a jointly owned venture called Wessex Education Shared Services Limited (WESS). Its principal activities is the provision of Finance, HR, Payroll and MI services to its member colleges.

As mentioned in note 19 and note 26, in May 2021 the College gave notice of its intention to exit the WESS joint venture and during the course of 2021/22 the services provided by WESS to the College will transfer back to the College group.

