



## **REPORT AND FINANCIAL STATEMENTS**

**1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021**

<b>CONTENTS</b>	<b>PAGE</b>
Reference and administrative details	3
Strategic Report	5
Governance Statement	20
Statement of Regularity, Propriety and Compliance	43
Statement of the Responsibilities of the Members of the Corporation	44
Independent Auditor's Report on the Financial Statements	46
Independent Reporting Accountant's Assurance Report on Regularity	51
Statement of Comprehensive Income and Expenditure	53
Statement of Changes in Reserves	54
Balance Sheet	55
Statement of Cashflows	56
Notes to the Financial Statements	57

## **Reference and Administrative Details**

### **Board of Governors**

Ms P Brown  
Mr P Cherpeau  
Mr D Crosby  
Prof R Dawson  
Mr G Dunn  
Mr A Gibbons  
Ms. R. Harding-Quinn  
Ms R Hennigan  
Mr K Lockhart  
Ms K Mahon  
Ms A Murphy  
Ms L Nixon  
Ms L Redican  
Ms B Rice  
Mr K Rice  
Mr M Robinson  
Ms J Simmons  
Ms G Sloan  
Ms C Sullivan  
Mr M Whelan

Director of Governance - Anne-Marie Nixon

### **Principalship Team**

Rachael Hennigan Principal and CEO; Accounting Officer  
Matt Larkin - Vice Principal Finance & Corporate Services  
David Rigby - Vice Principal Curriculum & Quality (until 31/12/20)  
Natalie Connor - Interim Vice Principal Curriculum and Quality (from 01/01/21 – 30/06/21)  
Joe Poole – Interim Vice Principal Curriculum and Quality (from 01/01/21 – 30/06/21)  
Sonia Stirling – Deputy Principal (from 21/06/21)  
Cath Sullivan - Vice Principal People, Organisational Development and Culture (until 31/08/20)  
Carol Nield – Interim Vice Principal People, Organisational Development and Culture (from 01/09/20 – 30/06/21); Executive Director of Human Resources and Organisational Development (from 01/07/21)

### **Registered Office**

Balliol Road  
Bootle  
Merseyside  
L20 7EW

### **Professional Advisors**

#### **Internal Auditors**

RSM UK RISK ASSURANCES SERVICES LLP  
14<sup>th</sup> Floor  
20 Chapel Street  
Liverpool  
L3 9AG

#### **External Auditors**

WYLIE & BISSET (AUDIT) LIMITED  
Chartered Accountants  
168 Bath Street  
Glasgow  
G2 4TP

#### **Bankers**

LLOYDS BANKING GROUP PLC  
Liverpool Law Courts  
2-12 Lord Street  
Liverpool  
L2 1TS

#### **Solicitors**

EVERSHEDS - SUTHERLAND  
70 Great Bridgewater Street  
Manchester  
M1 5ES



## **Strategic Report**

### **Nature, Objectives and Strategy:**

The members present their report and the audited financial statements for the year ended 31 July 2021.

#### **1. LEGAL STATUS**

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

The Instrument and Articles of Government under which the College is governed are the Further Education Corporation (Former Further Education Colleges) (Replacement of Instruments and Articles of Government) order 2007 as modified on 31 March 2012. The Corporation approved amendments to the Instrument and Articles of Government on 29 September 2016 and a copy is available on the College's website.

#### **2. MISSION**

On 19 June 2019 the Corporation finalised the 2019-21 strategic plan and confirmed the appropriateness of the College's Mission:

"To inspire, challenge and transform lives".

During 2020-21 there was a detailed consultation process on a new strategic plan, the outcomes of which were reported within the new strategic plan proposals presented to the Corporation on 30 June 2021. The Corporation resolved to retain the mission "To inspire, challenge and transform lives" and approved the new strategic plan 2021-26.

#### **3. STRATEGY**

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

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

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

#### 4. STRATEGIC PLAN AND CORPORATE OBJECTIVES

The 2021-26 Strategic Plan was reviewed and approved by the Corporation on 30 June 2021. The Corporation confirmed the relevance and appropriateness of the College's Mission and Statement of Aims as follows:

*"To inspire, challenge and transform lives".*

On 30 June 2021 the Corporation approved five new strategic priorities as part of the 2021-26 Strategic Plan as follows:

- We are a College driven by its people, for its people
- We provide the highest quality of experience for our students
- We deliver an employer driven curriculum
- We serve as a beacon for our community
- We seize opportunities that benefit our people and place

The Principalship team has been working on a number of aspects that are associated to the strategic plan; which demonstrate the production of the College's core values, the programmes of work that will be implemented throughout the year and the key performance indicators with relevant milestones to measure our progress against any targets we set.

The vision, strategic priorities and values have now been shared internally with colleagues via multiple presentations at the start of the year. To ensure that the strategic plan is live and relevant, we will now develop cross-College teams that will be key drivers in the implementation of programmes of work that are associated with relevant strategic priorities.

In addition, there will be constant communication with stakeholders who were involved in the consultation process to ensure they are informed of how their input has shaped the plan and our progress against it over the future months and years.

Progress against these priorities as the College works towards the overall aim of becoming the best College in the country will be closely monitored through a wide range of KPIs and other performance measures.

Prior to the adoption of the new Strategic Plan, the College's seven agreed aims were:-

- Maximise the opportunities of working with the Liverpool City Region Combined Authority to meet local and regional skills needs
- Provide a challenging, well-thought-out and evidence-based curriculum offer that reflects local need and is implemented with integrity and in the best interest of all learners



- Maintain a robust and sustainable financial position to support a highly effective operation which meets and exceeds the demands of external stakeholders
- Embed outstanding employer engagement across the College to enrich learning and develop the employability skills of all
- Deliver fun and unmissable lessons that learners enjoy, attend and which support them to make progress and achieve their potential
- Create an estate that fulfils the local community's aspirations
- Empower staff to act with integrity within a solution-focussed culture

The progress against the achievement of these aims was closely monitored through key performance indicators and senior managers' performance targets and has been reported regularly to both senior managers and governors.

Quality indicators relate to attendance, punctuality, value added, retention, achievement, progression, destination, stakeholder satisfaction, the quality of teaching, learning and assessment and performance on GCSE maths and English programmes.

## **FUTURE PROSPECTS**

### **Financial results**

The College reports a deficit in 2020/21 of £(302)k (2019/20 surplus £304k) before actuarial gains and losses. Cash at bank has increased from £6,097k to £7,033k with operational performance generating cash for investments in fixed assets in the year.

Fixed assets in 2020/21 accumulated to £29,742k (2019/20 £29,595k) with additions and depreciation closely matched. Investments in T Level facilities at the College, supported by grant funding from the Department for Education combined with continuing investment in the estate totalled £1,887k.

### **Treasury policies and objectives**

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

The College has a separate treasury management policy in place incorporated with its Financial Regulations which were last approved by the Corporation in May 2021.

## **Cash flows and liquidity**

The College's cash at bank at the year end was £7,033k (2020 £6,097k) Net cash inflow is reported at £3,165k in the year (2020 £4,124k) with cashflows associated with fixed asset additions of £1,887k (2020 £1,055k).

The College maintains a loan which was taken out to fund capital investments in the L20 building and which stands at £2,237k at the year end. No new loans were taken out during the year and the College met all repayment and interest obligations.

The College expects to be judged as meeting in full its bank covenant obligations when measured against these 2020-21 financial statements, in accordance with the loan agreement.

## **Reserves Policy**

The College has adopted a formal reserves policy which was reviewed by the Corporation in June 2019. The College holds and maintains reserves in order to achieve all elements of its Strategic Plan. The College believes that the most appropriate measure of the level of reserves to be maintained is the level of unrestricted cash held by the College, as measured at the year-end date of 31st July each year.

The college has accumulated reserves of £18m (2020 £17.2m) and cash balances £7m (2020 £6m).

## **Going Concern**

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

## **Student achievements**

- Overall achievement for 2020/21 is 83.2%. This is a slight decrease on 2019/20 of 1.7pp. It is not possible to compare both years in a like for like manner as the assessment process for each year was approached differently in terms of specific qualifications, with Centre Assessed Grades utilised in 2019/20 (grades awarded based on the trajectory of progress the student was making up to the lockdown period) and Teacher Assessed Grades (grades awarded based on a series of internally implemented assessments). In addition, Functional Skills qualifications were awarded Centre Assessed Grades in 2019/20, however, in 2020/21 students were expected to sit external assessments for these



qualifications as normal despite the significant amount of lost face to face learning they experienced.

- When comparing the achievement outturn of 2020/21 to 18/19 (Non Covid year) there is little difference and 2020/21 shows a slightly more favourable position. 18/19 outturn was 82.6%
- Higher Education achievement is 87.6% for 2020/21, an increase of 1.3pp on 202019/20. This increase is as a result of a stronger retention in 2020/21 when compared to 2019/20.
- Overall Apprenticeship achievement is lower than predicted at 58%. This is predominantly due to the National shortage of IEPAs and the difficulty in arranging and undertaking End Point Assessment.

### **Curriculum developments**

The Deputy Principal and her team have led high quality, focused employer engagement since the start of the year, this has taken the form of round table discussions. Discussions have been organised and facilitated in conjunction with the Liverpool Chamber of Commerce and these are essential to the success of the College in the future. The last 3 round tables focused on the sectors of Digital, Health and Care and Port, Logistics and Supply Chain.

Since October 2020, highly valuable employer engagement has taken place across three of the College's four priorities areas. These include Construction and the Built Environment, Digital and Port & Logistics with Health & Care being concluded by the end of November.

The main reason behind this work has been to ensure that colleagues within these areas are fully aware of the skills and behaviours needed across their sectors. This rich information will not only inform what we deliver in the way of qualifications but also how and where we deliver this provision.

Outputs of this work will inform the development of a three-year curriculum plan that will be driven by not only tutor knowledge and labour market intelligence, but also rich and up to date information provided by experts in their field. This long-term view of our curriculum will support us in identifying the shape and makeup of the organisation for future years to come e.g. staffing expertise and equipment.

### **Partnership with Peel Port**

September 2021 saw the launch of our Peel Ports Scholarship Programme with presentations and the initiation of a recruitment process for the scholars. This programme will be essential in ensuring our students gain the much-needed knowledge not only relating to the Port & Logistics Sector but also the wider set of skills that will enable them to flourish in the majority of industries. In addition to this, it will aim raise the profile of port related roles across the College.

This project has been developed over a 12-month period; 60 students were nominated by their Progress Coaches with 30 making it through to application stage. Successful students will receive a guaranteed work placement in a variety

of departments across the Port, an assigned mentor for support and guidance, live briefs and guest lectures, culminating in a guaranteed interview at the end of the process.

### **College Performance KPIs**

Due to impact of Covid-19, a large number of achievement rates obtained in 2020/21 were produced by staff following guidelines laid down by relevant awarding bodies as part of the QTAG process.

Being mindful of the context stated above, the key headlines are as follows:

#### **Attendance**

- Overall attendance for 2020/21 was 79.7%. This is a small decrease of 0.7pp on attendance in 2019/20.
- Attendance suffered most significantly in the Directorate of Life Skills and Young People which saw a decrease of 2.6pp on 2019/20. This was primarily as a result of attendance on Functional Skills and GCSE English and Maths for 16-18 students on Study Programmes.
- Attendance improved slightly on 2019/20 in the Directorates of Business Engagement and South Sefton and attendance of HE students improved on that of 2019/20 by 3.4pp.

#### **Progress and High Grades**

- A Level ALPS maintained the high standard achieved in 2019/20 at Grade 2 placing our students in the top 10% nationally for student progress.
- The College's vocational Alps grade decreased from Grade 4 to Grade 5 demonstrating a drop in progress for students on these qualifications. This is primarily a result of a decline in grades across L3 Business and Law.
- High grades have increased across A Level and Cache qualifications in Childcare and Education and Health and Social Care compared to 2019/20.
- The achievement of GCSE Maths 4-9 for all ages has decreased by 0.7pp compared to 2019/20. GCSE English 4-9 achievement has increased by 13.3pp compared to 2019/20.

#### **Achievement**

- Overall achievement for 2020/21 is 83.2%. This is a slight decrease on 2019/20 of 1.7pp. It is not possible to compare both years in a like for like manner as the assessment process for each year was approached differently in terms of specific qualifications, with Centre Assessed Grades utilised in 2019/20 (grades awarded based on the trajectory of progress the student was making up to the lockdown period) and Teacher Assessed



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- When comparing the achievement outturn of 2020/21 to 18/19 (Non Covid year) there is little difference and 2020/21 shows a slightly more favourable position. 18/19 outturn was 82.6%
- Higher Education achievement is 87.6% for 2020/21, an increase of 1.3pp on 2019/20. This increase is as a result of a stronger retention in 2020/21 when compared to 2019/20.
- Overall Apprenticeship achievement is lower than predicted at 58%. This is predominantly due to the National shortage of IEPAs and the difficulty in arranging and undertaking End Point Assessment.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2020 to 31 July 2021, the College paid 81% of its invoices within 30 days of receipt. The College incurred no interest charges in respect of late payment for this period.

### **Future prospects**

The College has established a budget for 2021-22 which continues to focus on ensuring that the College maintains the financial efficiency of its operation whilst maintaining its ability to deliver high quality provision to learners in the locality. It will do this by ensuring that staff costs as a proportion of income remain in line with sector benchmarks, whilst budgeting for stability in learner numbers in most areas. Whilst opportunities for growth through the expansion of Higher Education, 14-16 delivery, Advanced Learner Loans and Apprenticeships will be maximised where possible, the College budgets prudently to ensure that its core business delivers key objectives of financial stability and operational effectiveness.

Whilst some of the challenges presented by the worldwide pandemic which commenced during 2019-20 appear to have receded, there will continue to be impacts felt by the College as both a pressure on costs and resources to maintain and support the health and safety of our learners, staff and visitors, but also as a significant opportunity for the College to play an important role in ensuring that the local economy is provided with learners with the skills and abilities to support a swift and vibrant recovery.



## Resources

The College invests in the learner experience through both the use of qualified and experienced staff and also through the provision of excellent facilities.

Our staff team are our most important resource. The College continues to invest in staff training and development through internal and external courses and provide opportunities for continued professional development to all staff. The College currently employs 452 full time equivalent staff.

Whilst there has not been a significant centrepiece investment made by the College in the reporting period to match the development of the St Winefride's site in 2019-20, the College continues to invest in equipment and facilities to continue to support the learning and progress of our students. Investments made in recent years in the Port Academy Liverpool building and the L20 University Centre demonstrate the College's vision of the level of facilities required to meet the needs of stakeholders. The Balliol Centre building and Sixth Form Academy buildings are currently fit for purpose though continue to require ongoing investment to ensure that they meet changing demands.

## 5. PRINCIPAL RISKS AND UNCERTAINTIES

### Risk Management

The College's Risk Management Policy focuses on identifying strategic risks aligned to the strategic objectives of the College, and operational risks and their management in the context of the approved risk appetite of the College. The College has continued to work during the year to develop and embed the robust systems of internal control, including financial, operational and risk management, which are designed to protect the College's assets and reputation.

Based on the strategic plan, the Principalship, as advised by the Risk Review Group, undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent term's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the termly review, the Risk Review Group also considers any risks, which may arise as a result of a new area of work being undertaken by the College.

A Strategic Risk Register is maintained at the College level, which is reviewed regularly by the Audit Committee and annually by the Corporation. The Strategic Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by the development of the operational register and risk management training to raise awareness of risk throughout the College.

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

### **Government funding**

The College has considerable reliance on continued government funding through the EFSA and Higher Education funding via government loan provision. In 2020/21, 79% of the College's revenue was ultimately public funded and reliance at this level is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same level or on the same terms. Devolution of the Adult Education Budget funding to the Liverpool City Region from September 2019 continues to present opportunities and challenges as this funding stream is configured to local demands.

### **Loan covenant compliance**

The College continues to monitor its ongoing performance against the covenants incorporated into its loan agreement and forecasts to maintain adequate headroom above the key covenant compliance metrics to ensure that all covenants are met.

### **Tuition fee policy**

Ministers have confirmed the co-funding fee assumption is 50% in 2021/22 subject to the detailed funding rules. In line with the majority of other colleges, Hugh Baird College will seek to maintain tuition fees in accordance with the fee assumptions.

The risk for the College is the fall in demand as fees increase, and students are increasingly asked to fund their courses through student loans. This could impact on the growth strategy of the College. This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demands for courses as prices change.

### **Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102. Levels of contributions made by the College to fund the historic deficit and ongoing costs of operation will continue to reflect macro economic factors outside of the control of the College, and are expected to rise in the short to medium term.



## **Covid 19 Pandemic**

Whilst the operational challenges presented to the College in terms of maintaining a high quality and efficient delivery as a consequence of the Covid 19 pandemic are expected to recede over the coming year, the pandemic will present ongoing challenges throughout 2021-22 and potentially beyond. The College has dedicated resources through its financial budgets to accommodate expected impacts during 2021-22, and has leveraged the investments in technological capacity to meet these challenges, though close monitoring of labour market changes and economic activity may also impact the operations of the College, whilst simultaneously presenting opportunities for the College to grow and support the recovery of the local economy.

## 6. STAKEHOLDER RELATIONSHIPS

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

- Students;
- Educational Sector Funding Bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices / Regional Development Agencies / LEP;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- Franchised Partner Universities.

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

### **Equal Opportunities**

The College is committed to providing a learning and work environment free from direct or indirect discrimination, harassment, or victimisation where all members of our community are treated with respect and dignity and valued for their contribution and individuality. We believe in inclusivity and opportunity for all students, staff and the wider community and recognise the key role education has in helping to transform society for the benefit of individuals and communities.

Through its Equality, Diversity & Inclusion Policy, and action plans, the College is committed to:

- Ensuring that people are treated equally regardless of their identification with one or more of the protected characteristics, including those who identify as transgender, non-binary and gender fluid, socio-economic background, family responsibilities, or other appropriate distinction.
- Taking a zero-tolerance approach to discrimination, victimisation, harassment, or any other prohibited conduct of any kind by any party. Behaviour found to be in breach of this policy will be addressed in accordance with the College's policies and procedures.
- Being proactive in all matters relating to equality, diversity, and inclusion, valuing, and celebrating the richness brought by a diverse population of staff, students, and partners.



- Developing and improving our responses and learning provision to under-represented groups to increase participation and improve community cohesion.
- Developing responses to address social and economic disadvantage developing and delivering projects that seek to engage hard to reach learners.
- Narrowing the gaps in achievement between different groups of learners by providing timely support to enable curriculum teams to respond positively to under-achievement.
- Ensuring our learners are well-equipped with the skills and knowledge to live and work in a diverse and multi-cultural society through the delivery of teaching, learning and enrichment activities that positively represents different groups within society, improves group cohesion and values diverse contribution.
- Ensuring the principles of equality, diversity and inclusion are applied consistently across all aspects of teaching, learning and assessment, including admissions, student services and learner support.
- Ensuring the principles of equality, diversity and inclusion are applied to recruitment, redeployment, staff development and promotion, to ensure that all individuals are encouraged to achieve their full potential.

The College publishes an annual Equality and Diversity Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The report reviews our progress over the last year in relation to equality and diversity and is one of the ways we make visible how we are meeting our obligations to recognise diversity and promote equality. The report reflects the work of the College within our diverse communities as well as reporting key equality data/information.

### **Employment of Disabled Persons**

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

### **Disability Statement**

100% of the College accommodation used for curriculum delivery is accessible by wheelchair users.

The Additional Learner Support Team makes detailed assessment of learners' support needs in order to provide appropriate support.

The College has made a significant investment in the appointment of staff to support learners with learning difficulties and/or disabilities. There is a team of

Academic Support Workers and Care Assistants who provide support for learning. In addition, there is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.

Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.

Counselling and welfare services are described in the College Charter.

### **Trade Union Facility Time**

As part of the Trade Union (Facility Time Publication Requirements) Regulations 2017, which took effect from 1<sup>st</sup> April 2017, we are required to publish information on trade union facility time. Employers that are in scope must publish the required information relating to the 12-month relevant period. The relevant period is the 12 months from 1<sup>st</sup> April 2020 to 31 March 21.

Hugh Baird College recognises the following trade unions for the purpose of collective bargaining:

- NASUWT and NEU for teaching staff
- UCU for lecturing and management spine staff
- UCU and NEU for management spine staff
- UNISON and UNITE for support staff

**For the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 the following applies:**

<b>Number of employees who were relevant trade union officials: 5</b>	<b>Full –time equivalent employee number: 4.76</b>
<b>Percentage of time spent on facility time</b>	<b>0.96%</b>
<b>Total cost of facility time</b>	<b>£4,751</b>
<b>Total Pay Bill (1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021)</b>	<b>£15,838,242</b>
<b>Percentage of total pay bill spent on facility time</b>	<b>0.03%</b>
<b>Time spent on paid trade union activities as a percentage of total paid facility time hours</b>	<b>0%</b>

## **Gender Pay Gap Reporting**

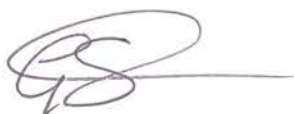
The Corporation reviewed the detailed Gender Pay Gap report on 20 October 2021 and this is published on the College's Website.



### **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 26 January 2022 and signed on its behalf by:

A handwritten signature in dark ink, appearing to be 'G Sloan', with a long horizontal line extending to the right.

G Sloan  
Chair of the Corporation

## GOVERNANCE STATEMENT

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

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 24 June 2015. On 27 March 2019 the Corporation resolved to approve the AoC Senior Staff Remuneration Code as an annex to the Code of Good Governance for English Colleges for implementation from 1 September 2019.

In considering the Code's statement that governors should not normally serve for more than two consecutive terms (or a maximum of eight years) except where subsequently undertaking a new and more senior role, for example as Chair, the Corporation approved one exception during 2017/18. This appointment related to the individual who was Chair Designate and became Chair of the Corporation with effect from 10 September 2017. The decision to grant exceptional approval to enable the Chair to serve for more than 8 successive years was made in recognition of the need to maintain a level of experience on a Board where the significant majority of members were still serving their first term of office. In 2019/20 the Corporation was responsible for the appointment of a new Principal and Chief Executive (including interim cover provided by an experienced former Principal and Deputy FE Commissioner) and the Covid-19 risk strategy and for these reasons approved the reappointment of the Chair until September 2021 on an exceptional basis. During 2020/21 the Board addressed succession planning for the Chair and formally appointed a new Chair from within its existing membership with effect from 1 September 2021.

A detailed schedule of compliance with the Code has been monitored and approved by Search and Governance Committee and submitted to the external auditors to support the governance statement.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public

benefit and that the required statements appear elsewhere in these financial statements.

### The Corporation

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

	Date of Latest Appointment	Current Term of office	Date of resignation / end of term of office	Status	Committees served	Attendance in 2020/21
Ms. P. Brown	22 June 2020	4 years  First appointed on  23/6/2016		Member	Audit Committee; Appeals	13/13  100%
Mr. P. Cherpeau	12 July 2021	1 year		Member	Quality and Standards Committee	Not Applicable as appointed after last meeting for 20/21



	Date of Latest Appointment	Current Term of office	Date of resignation / end of term of office	Status	Committees served	Attendance in 2020/21
Mr D Crosby	21 September 2020	1 year  First appointed on  23/9/2009	Resigned with effect from 14/09/21	Chair (until 31/08/21 – new Chair appointed with effect from 01/09/21)	Chair of Corporation from 10/9/17;  Interim Chair of Search and Governance Committee; Member of Quality and Standards Committee; Senior Postholder Appointment Panel; Finance and Resources Committee; Tender Evaluation Panel and Remuneration Committee	29/30  97%
Prof R Dawson	1 December 2017 (1-year probationary term);  Reappointed to 30 November 2021	4 years		Member	Chair of HE Committee; Member of Remuneration Committee	13/14  93%
Mr G Dunn	10 November 2020	1 year	31/07/2021	Student Member	Member of Quality and Standards	8/9  89%
Mr A Gibbons	1 December 2017 (1-year probationary term) reappointed until 30 November 2021	4 years		Member	Chair of Finance and Resources Committee; Member of Senior Postholder appointment Panel; Appeals; Remuneration Committee	17/19  89%

	Date of Latest Appointment	Current Term of office	Date of resignation / end of term of office	Status	Committees served	Attendance in 2020/21
Ms. R. Harding-Quinn	12 July 2021	1 year		Member	Audit Committee	Not Applicable as appointed after last meeting for 2020/21
Ms R Hennigan	3 February 2020	N/A		Principal and Chief Executive	Member of: Quality and Standards; HE; Finance and Resources; Search and Governance	29/29 100%
Mr K Lockhart	17 October 2018 (1-year probationary term)  Reappointed until 16 October 2022	4 years		Member	Member of: Audit Committee	13/13 100%
Ms K Mahon	23 August 2018 (1-year probationary term)  Reappointed until 22 August 2022	4 years	Resigned with effect from 01/06/2021	Member	Chair of Search and Governance Committee; Member of: Quality and Standards; HE and Appointment Panel for Senior Postholders	12/13
Ms A Murphy	6 July 2020 (1- year probationary term)  Reappointed until 5 July 2024	4 years		Member	Member of Quality and Standards	12/16 75%
Ms L Nixon	22 October 2019 (1-year probationary term)  Reappointed on 21 October 2020 until 20 October 2023	4 years		Academic Staff Member	Member of Quality and Standards	10/11 91%

	<b>Date of Latest Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance in 2020/21</b>
Ms L Redican	17 October 2018 (1-year probationary term)  Reappointed until 16 October 2022  (NB Authorised leave of absence from 01/01/21 – 31/08/21)	4 years		Member	Chair of: Quality and Standards and member of Appointment Panel for Senior Postholders	4/5  80%
Ms B Rice	22 June 2020  (NB Authorised leave of absence from 25/11/20 – 01/01/21)	4 years  First appointed 23/6/2016		Member	Chair of Audit Committee; Member of Remuneration Committee	10/14  71%
Mr K Rice	21 November 2017 (1- year probationary term) reappointed to 20 November 2021	4 years		Business Support Staff Member	HE Committee (part of year) then Finance and Resources Committee	12/12  100%
Mr M Robinson	23 September 2019	4 years  First appointed 23/9/2015		Vice Chair	Vice Chair of the Corporation; Chair of Remuneration Committee; Member of Finance and Resources; Search and Governance and Appointment Panel for Senior Postholders	21/21  100%

	Date of Latest Appointment	Current Term of office	Date of resignation / end of term of office	Status	Committees served	Attendance in 2020/21
Ms J Simmons	26 July 2020	4 years  First appointed 28/7/2017		Member	Member of: Quality and Standards (Interim Chair from 01/01/21 – 01/09/21); member of Search and Governance; Appeals and Appointment Panel for Senior Postholders	20/20  100%
Ms G Sloan	31 August 2020	4 years  First appointed 23/5/12 and served until 22/5/2016  Formally re-applied and appointed 1/9/2017		Member	Member of: Finance and Resources Committee and Appointment Panel for Senior Postholders	16/18  89%
Ms C Sullivan	27 January 2021	until the end of the 20/21 academic year  First appointed for 1 year on 29 January 2020		HE Student Member	Member of: HE Committee	6/9  67%



	Date of Latest Appointment	Current Term of office	Date of resignation / end of term of office	Status	Committees served	Attendance in 2020/21
Mr M Whelan	10 February 2017 (1 year term); reappointed 10 February 2018 until 9 February 2019 (1 year term); reappointed for further 2 years to 9 February 2021	2 years	25 January 2021	Member	Member of: Audit Committee	4/5 80%

Members' terms of office vary between one and four years. All initial appointments are for one year which may be extended to a full four-year term upon successful completion of a probationary review with the Chair of the Corporation. Whilst the Corporation was working towards the implementation of the recommendations arising from the Area Based Review reappointments any new appointments from January 2017 were limited to 12 months. This limit was lifted by the Corporation on 20 June 2018 when it approved recommendations from Search and Governance Committee to offer reappointments of 2 years. In 2018/19 the Corporation returned to considering four year terms of office.

### Corporation Meetings

During 2020/21 there were 38 official meetings of the Corporation and its Committees. Attendance of governors for the past three years by meeting is shown below:

Year	No. of Meetings	Actual Attendance	Possible Attendance	Percentage
2020/21	38	249	271	92%
2019/20	33	214	242	88%
2018/19	33	214	250	86%

Attendance of governors for the past three years by membership is shown below:

	2020/21	2019/20	2018/19
Governors	91%	94%	85%
Students	78%	33%	79%
Staff	96%	76%	89%
Principal	100%	90%	88%

Attendance of governors for the past three years by category of meeting by is shown below

	2020/21	2019/20	2018/19
<b>Corporation</b> <i>(including Strategic Planning Conference)</i>			
Governors	89%	92%	81%
Students	75%	30%	75%
Staff	93%	73%	80%
Principal	100%	100%	100%
<b>Committees</b>			
Governors	94%	95%	88%
Students	71%	40%	83%
Staff	100%	83%	100%
Principal	100%	86%	85%

### Appointments since 31 July 2021

Ms. L. Johnson was nominated and appointed to serve as HE Student Governor from 23 November 2021 to 22 November 2022 (or the date on which she ceases to be a student, whichever is the sooner).

## Re-appointments since 31 July 2021

There have been the following re-appointments since 31 July 2021:

- Mr. K Rice was nominated by the Business Support Staff and appointed to serve a 2<sup>nd</sup> term as Business Support Staff Governor from 20 November 2021 – 19 November 2025.
- Prof. R. Dawson was re-appointed as an independent governor and Chair of HE Committee from 30 November 2021 to 30 June 2022.
- Mr. A. Gibbons was re-appointed as an independent governor, Vice Chair and Chair of Finance and Resources Committee from 30 November 2021 to 29 November 2025.

## Resignations and retirements since 31 July 2021

As a result of succession planning during 2020/21, Ms. Geraldine Sloan was appointed as Chair from 1 September 2021 and Mr. David Crosby (Chair up to 31 August 2021) formally retired from the Corporation with effect from 14 September 2021. Mr. Andrew Gibbons was appointed as an additional Vice Chair from 1 September 2021.

On 25 November 2021 Ms. Beverley Rice resigned as an independent governor and Chair of Audit Committee and was appointed as a Co-opted Member of Audit Committee from 25 November 2021 to 24 November 2022.

Ms. Anne-Marie Nixon was the Director of Governance during the period 1 August 2020 to 31 July 2021.

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 quality of the provision, the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, staffing-related matters and legal requirements e.g. health and safety, safeguarding and Prevent. The Corporation met 8 times during 2020/21 (including a strategic planning conference).

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are: Search and Governance Committee; Remuneration Committee; Audit Committee; Finance and Resources Committee; Quality and Standards Committee; HE Committee, Appeals Committee; Appointment Panel for Senior Post Holders and Pay Review Committee. Where the Committee does not have delegated powers for the determination of a matter it will make a recommendation for the Corporation Board to consider and confirm or otherwise. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website ([www.hughbaird.ac.uk](http://www.hughbaird.ac.uk)) or from the Director of Governance at:



Hugh Baird College  
Balliol Road  
Bootle  
L20 7EW

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner (and in accordance with the Instrument and Articles of Government), prior to Board meetings. Briefings are provided on an ad hoc basis.

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

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

During 2020/21 the Corporation and its Committees held scheduled meetings remotely via Microsoft Teams, with the only exception being the second day of the appointment process for shortlisted candidates for the post of Deputy Principal. This meeting was conducted on a hybrid basis with some members and one candidate attending in person and others joining via Microsoft Teams. All Corporation and Committee meetings were quorate and all papers were sent out electronically (via the Corporation's e-governance system) within the 7 day rule, in accordance with the Instrument and Articles of Government. Members and managers had been trained in the use of Microsoft Teams before the Covid-19 pandemic lockdowns. In reviewing the effectiveness of the switch to remote meetings, the Corporation noted that attendance had increased and the level of participation and balance of scrutiny and challenge had remained high. For this reason the Corporation has decided, in returning to onsite meetings for 2021/22, to retain the option for governors to join any meetings remotely. There has been capital investment in the board room facilities to enhance the meeting experience for those attending in person and members joining remotely and replacement tablets have been issued to all governors.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The



Corporation is responsible for ensuring that appropriate training is provided as required and the Director of Governance delivers detailed induction training to all new governors..

Members of the Corporation are appointed for a term of office not exceeding four years. Each member can serve the equivalent of two consecutive four-year terms of office with a third four-year term (maximum 12 years) by exception. During 2020/21 the only governor serving more than two consecutive terms of four years was Mr. Crosby as Chair of the Corporation who retired from the Corporation on 14 September 2021.

### **Corporation performance**

During 2020/21 the Corporation accepted the resignation of the Vice Principal of Curriculum and Quality. The Corporation approved a senior management restructure which resulted in the creation of the post of Deputy Principal (Curriculum, Quality and Student Services) and the Corporation commissioned external recruitment specialists, with significant expertise in the sector to provide consultancy services throughout the recruitment and selection process for this post. In addition, the Corporation commissioned an experienced sector consultant to act as Professional Advisor to the Appointment Panel. Interim arrangements were made to cover the period from 1 January 2021 to the start date of the permanent appointment of the Deputy Principal in June 2021.

During 2020/21 the Corporation's self-assessment process took account of compliance with the AoC Code of Governance for English Colleges, the Board assurance opinion, individual governor feedback and impact on areas for improvement identified from the most recent Ofsted inspection. In December 2020, following a detailed validation process which included governors serving on the interview panel and accompanying managers from their respective link governor areas, the Corporation considered the College-wide self-assessment report for 2019/20 in detail and graded overall Leadership and Management as "Requires Improvement". Whilst recognising that leadership and management, including governance, had a number of key strengths, the Corporation agreed with the key areas for improvement identified in the report and its responsibility to increase employer engagement amongst the membership and hold senior leaders to account for the pace of progress in addressing areas for improvement.

During 2020/21 the Corporation continued to invest in a detailed internal audit annual programme and in producing the annual audit assurance opinion, the internal auditors considered the governance related elements, as well as the risk mitigation procedures undertaken within each of the assignment reviews.

### **Remuneration Committee**

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised six members of the Corporation - the Chairs of the Corporation's Committees including the Chair and Vice Chair of the Corporation. The Committee's responsibilities are to monitor and challenge the senior post holders' progress towards their agreed targets and to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.



The College has adopted the AoC's Senior Staff Remuneration Code with effect from September 2019 and complies with its requirements. The Corporation's policy statement and the 2019/20 annual report were approved by the Corporation on 9 December 2020.

## **Remuneration Committee Annual Report to Hugh Baird Corporation for 2019-20**

### **Introduction**

Hugh Baird Corporation has established a Remuneration Committee with agreed terms of reference. The Committee's key tasks are:

- To advise and make recommendations to the Corporation in relation to the salaries to be paid to the senior postholders.
- To advise and make recommendations to the Corporation on any benefits, other than salary, that are to be included in the remuneration package paid to the senior postholders.
- To prepare a statement, which will be open to the public, and which will set out the Corporation's policy in relation to the pay and conditions of the senior postholders.
- To advise and make recommendations to the Corporation on performance targets and goals against which the remuneration packages of senior post holders can be measured and which may or may not lead to performance related payments as may be determined by the Corporation.
- To advise and make recommendations to the Corporation on any compensation which may be payable in the event of the early termination of employment of a senior postholder.

Remuneration Committee membership is approved by the Corporation and comprises the Chair and Vice Chair of the Corporation and Chairs of all its Committees - membership for 2020-21 was:

- David Crosby, Chair of the Corporation
- Mark Robinson, Vice Chair of the Corporation and Chair of Remuneration Committee;
- Beverley Rice, Chair of Audit Committee;
- Andrew Gibbons, Chair of Finance and Resources Committee;
- Ross Dawson, Chair of HE Committee
- Lydia Redican, Chair of Quality and Standards Committee

In 2020/21 Remuneration Committee met on three occasions on 9 November 2020, 5 February 2021 and 12 May 2021 and attendance was:

	9/11/20	5/2/21	12/5/21	Actual	Possible	% Member
<b>Crosby, Mr D</b>	√	√	√	3	3	100%
<b>Dawson, Mr R</b>	√	√	√	3	3	100%
<b>Gibbons, Mr A</b>	√	√	√	3	3	100%
<b>Redican, Ms. L</b>	Apologies	N/A	N/A	0	1	0%
<b>Rice, Ms B</b>	Apologies	√	Apologies	1	3	33%
<b>Robinson, Mr M</b>	√	√	√	3	3	100%
			<b>Total</b>	<b>13</b>	<b>16</b>	<b>81%</b>

The College's key strategic objectives are detailed in the key strategic priorities developed for 2020-21 and senior post holder targets are aligned to the key strategic priorities. Detailed consultation on a new strategic plan took place during 2020/21 and the Corporation approved a new Strategic plan for 2021-26 on 30 June 2021.

The Corporation's designated senior postholders for 2020/21 were:

Rachael Hennigan – Principal and Chief Executive (from 03/02/2020)

Matt Larkin – Vice Principal Finance and Corporate Services

David Rigby – Vice Principal Curriculum and Quality (until 31/12/2020)

Cath Sullivan – Vice Principal People, Organisational Development and Culture (until 31/08/2020)

Anne-Marie Nixon – Director of Governance

Sonia Stirling – Deputy Principal Curriculum Quality and Student Services (from 21/06/2021)

### **Corporation's Approach to Remuneration of Senior Postholders - Remuneration Committee Policy Statement**

#### **1. Key principles and statutory framework**

The Board is responsible, under its Instrument and Articles of Government for the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of designated senior posts, including the Director of Governance.

The Board observes the Seven Principles of Public Life, published in the Nolan Committee report 1996, in its conduct: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty and Leadership.

#### **2. Purpose**

To provide a framework for the determination and annual review of the pay of senior postholders that is fair, transparent and equitable.



### 3. Responsibilities

**The Board** approves any annual Cost of Living pay award for all staff, following AOC recommendations and the recommendations of the Principalship.

**The Board delegates to the Remuneration Committee** authority to recommend the pay of the Principal and Chief Executive Officer and other designated senior postholders within the framework set by this policy.

**The Chair of the Board** is responsible for the performance review of the Principal and Chief Executive and the Director of Governance and for reporting outcomes to the Remuneration Committee. This responsibility may be delegated to a Vice Chair of the Board if required.

**The Principal and Chief Executive** is responsible for the performance review of other designated senior postholders (excluding the Director of Governance) and for reporting outcomes and making recommendations on pay to the Remuneration Committee.

**The Director of Governance** is responsible for providing advice on procedural and governance matters, for sharing governance best practice and for recording the deliberations of the Remuneration Committee on all items other than the Director of Governance's performance and pay.

The Committee and the Director of Governance shall have access to independent advice if and when required.

### 4. Monitoring and Review of the Policy

This policy will be reviewed at least every three years by the Board, on recommendation by the Committee, or as circumstances require (e.g. a change in legislative framework).

### 5. Policy statement

In setting the pay and conditions of service of designated senior postholders, the Board's objectives are to:

- Recruit and retain high calibre staff
- Aspire to pay appropriate rates for the sector, of at least the median of the range of pay for equivalent level staff
- Motivate staff and reward achievement
- Plan for the succession of staff.

### 6. Appraisal Process

- All senior post holders will have an annual appraisal conducted in September / October of each year where the performance of the prior academic year will be reviewed. Performance and development objectives for the current academic year due for completion by 31 July each year will also be reviewed at this meeting.

- Senior postholders will also have two progress review meetings each year, at which performance to date against that year's objectives will be discussed and objectives relating to the forthcoming academic year will be set.
- The appraisal of the Principal and Chief Executive and the Director of Governance will be conducted by the Chair and the appraisal of all other senior postholders shall be conducted by the Principal and Chief Executive.
- The Remuneration Committee will receive a report on the appraisal outcomes of all designated senior postholders to inform the pay award process.
- Minutes of the previous Remuneration Committee meetings will also be provided to support the decision making of the Committee.

## **7. Procedures for determining pay and conditions of service**

The following factors shall be taken into account in any annual review of pay and conditions of service:

- The College's commitment to equality and diversity as expressed in its equality and diversity policy
- Salary benchmark data for same-level staff in comparable colleges (derived from the AOC Survey of Remuneration of Management Staff and Senior Postholders)
- Economic conditions and competitive forces within the City Region and sector as a whole
- Pay awards given to the wider College staff (on the basis that the annual award for senior postholders shall not normally exceed that offered to College staff)
- Affordability, as determined by the College's financial performance
- Whole College performance against the strategic objectives and Key Performance Indicators approved by the Board
- Individual performance against objectives set as part of the annual appraisal process
- Demands of the role over the last year in addition to the normal working hours attached to the post.
- There is no provision for performance-related pay for senior postholders, nor any provision for annual bonus arrangements.
- Allocation of additional duties and changes in responsibilities for senior postholders shall be addressed outside of any discussion of annual pay awards
- The Corporation as employer will make pension contributions for senior postholders as is its practice for all staff, to either the Teachers' Pension Fund or the Merseyside Pension Fund and this will be confirmed in the statement of particulars in the appointment letter.



Any pay award or changes to terms and conditions agreed by the Remuneration Committee for a designated senior postholder, will take effect from 1 August unless otherwise agreed by the Remuneration Committee.

The Chair of the Remuneration Committee will write formally to designated senior postholders to advise of any pay award or changes to terms and conditions agreed by the Remuneration Committee.

If a pay award or change to terms and conditions of service approved by the Remuneration Committee is not fully accepted by the post holder, a specially convened meeting of the Remuneration Committee will take place at the earliest opportunity to note the non-acceptance and the implications of this. This meeting will be called by the Chair of the Remuneration Committee. The Remuneration Committee has the authority to alter or withdraw any pay award or change to terms and conditions which is not fully accepted.

The Chair of the Remuneration Committee will provide the minutes of Remuneration Committee to the Board to advise on the outcome of the appraisals of designated senior postholders. The minutes will include whether any pay awards or changes to terms and conditions of service have been made (in line with the pre-determined criteria set out above) and the Chair will report whether or not such awards have been accepted.

## **8. Income Derived from External Activities**

The Corporation recognises the benefit of staff representing the College on various sector bodies and boards during the course of their normal working week. Provision for staff undertaking civic responsibilities at other organisations is addressed in the College's Human Resources policies and procedures.

The Corporation supports the sharing of best practice across the sector and acknowledges that from time to time senior postholders may be invited to share their sector-based expertise freely or for a consultancy fee. Such work may be conducted during the individual's normal working hours, subject to operational demands. Any consultancy fees associated with this work will be treated as College income to compensate for the time the individual has spent away from College duties. In all circumstances, senior postholders will be expected to demonstrate the benefit to the College as part of their appraisal reviews.

Where external income is derived from non-sector based external activities, all senior postholders will be required to declare this interest upon appointment to the College or at the time of external approach (if already employed) and obtain in advance the written approval of the Corporation in order to engage in the activity and retain income earned. Such activity, where approved, must be undertaken in the individual's own time and it is the individual's responsibility to declare income received to the appropriate agencies in order for the individual to retain the income.

In the event of a senior postholder being employed on a part-time or consultancy basis and wishing to engage in other paid employment, the advance approval of



the Corporation is required, in addition to the interest being declared in accordance with the Corporation's declaration of interests procedure.

## **9 Principal and Chief Executive's Earnings for 2020/21**

The current value for the College of the pay multiple of the Principal and Chief Executive's earnings against the median of all staff, plus details of how this indicator has changed over an extended of period time is stated as:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Principal's basic salary as a multiple of the median of all staff	4.67	4.76	5.10
Principal and CEO's total remuneration as a multiple of the median of all staff	4.72	5.03	5.26

## **10 Institutional Performance and Performance Related Pay**

As stated above it is the Corporation's policy not to make any performance related or bonus pay awards for senior postholders.

In 2020/21 the Corporation approved a senior management restructure following the resignations of two senior postholders and reviewed the salaries of current senior postholders following Remuneration Committee's review of performance against targets and in accordance with commitments made in 2019/20 and the amount allocated in the budget.

## **11 Payment of Expenses**

The Corporation has approved an expenses policy for all staff including senior postholders and this is detailed within Financial Regulations. During 2020/21 there were no travel expenses to approved sector based external events and meetings as events and meetings were not held face to face in accordance with Covid-19 regulations and guidance.

The policy statement was last reviewed by Remuneration Committee on 13 October 2021 as part of compliance with the Senior Staff Pay Annex to the Code of Good Governance for English Colleges.

Details of remuneration for the year ended 31 July 2021 are set out in note 6 to the financial statements.

## **Audit Committee**

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference which are regularly reviewed by the Committee and approved by the

Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

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

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

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

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

The Audit Committee met five times in the year to 31 July 2021 (including a special meeting to evaluate tenders for the provision of external audit services). The Committee receives regular sector briefings from the internal auditors and schedules regular training sessions to ensure that members remain well informed on sector issues and risks. These training sessions included a specific session on Fraud Awareness and the Counter Fraud Policy, which was delivered to the Committee on 23 September 2020. During 2020/21 the College's internal auditors hosted a number of webinars on key risks and all members were invited to attend. The Annual Report of the Audit Committee includes details of the training and development undertaken by the Committee members during 2020/21. The members of the Committee and their attendance records are shown below:

Name	Date of meeting					Attendance		
	23/09 /20	18/11 /20	10/02 /21	14/04 /21	19/05 /21	Actual	Possible	%
B. Rice	√	√	√	√	√	5	5	100%
P. Brown	√	√	√	√	√	5	5	100%
K. Lockhart	√	√	√	√	√	5	5	100%
M. Whelan (Resigned from 25/01/21)	√	√				2	2	100%



### **Search and Governance Committee**

During 2020/21 Search and Governance Committee met four times and fulfilled its terms of reference in relation to advising the Corporation on all matters relating to its composition and the development of governance best practice. Minutes of all meetings (excluding confidential discussions with applicants) are available on the College website. During 2020/21 the Committee advised the Corporation on targeted recruitment of industry and employer experience, recommended appointments, reviewed the role descriptions, person specifications and skills audit of governors in addition to consideration of compliance with the Code of Good Governance.

### **Finance and Resources Committee**

During 2020/21 Finance and Resources Committee met six times and scrutinised and challenged management reports on the College's financial position at each meeting. Each of the six meetings focussed on the efficient and effective use of resources, the solvency of the institution and the progress of the 2020/21 budget. Consideration was also given to the draft estimates of income and expenditure for 2021/22 before being formally approved by the Corporation on 30 June 2021. The Committee has detailed terms of reference approved by the Corporation and a detailed schedule of business including regular training sessions was approved at the first meeting of the academic year. The Committee (including the Principal and Chief Executive as a member) provided clear direction on the development of the 2021/22 budget which would enable the College to meet its bank loan covenants and retain outstanding financial health.

### **Quality and Standards Committee**

The Quality and Standards Committee met four times during 2020/21 and has detailed terms of reference approved by the Corporation. The Committee agrees an annual schedule of business (including opportunities for continuous professional development for Committee members) at its first meeting each academic year. In 2020/21 the membership of the Committee was enhanced to include a serving quality and curriculum FE specialist, in addition to the new Principal and Chief Executive, and an employer engagement specialist has been appointed to join the Committee in 2021/22. During 2020/21 the Committee reviewed and approved a number of student-facing policies, in addition to the new Quality Framework and Teaching, Learning and Assessment Strategy. In addition to the Committee's scrutiny and challenge of success rates, governors participate in the validation panel scrutiny of the College-wide self-assessment report before the final report is submitted for Board approval in December.

### **Higher Education (HE) Committee**

The HE Committee met three times during 2020/21 and has detailed terms of reference approved by the Corporation. The terms of reference are reviewed regularly by the Committee to ensure that it continues to operate in accordance with the latest guidance. The Committee agrees an annual schedule of business (including opportunities for continuous professional development for Committee members) at its first meeting each academic year. In 2020/21 the Committee received training on the revised Quality Code, the 14-16 and HE Mentoring Scheme and the Access and Participation Dashboard in addition to regular reports on financial sustainability and detailed reports



relating to the HE strategy, student experience, standards, OfS compliance and risks. A member of the Audit Committee observed meetings during 2020/21 before being appointed as a full member of the Committee for 2021/22

## **Internal control**

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 and Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Hugh Baird 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 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 Hugh Baird College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts and this process is regularly reviewed by the Corporation

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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

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



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

#### Statement from the audit committee

Hugh Baird College has retained an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. The Internal Audit Partner provides the governing body with an annual report on internal audit activity in the College, following review and detailed discussion with the Audit Committee. The report includes the internal auditors' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The Annual Report of the Audit Committee has been produced to provide the Corporation with the Audit Committee's advice as to the effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets and is intended to be read in conjunction with the Annual Report of the Internal Audit Services Provider, RSM UK Risk Assurance Services LLP and the Regularity Report by Wylie Bisset.

Audit Committee had advised the Corporation that the College has an adequate and effective framework for risk management, governance and internal control. The Committee has recognised that further enhancements to the framework of risk management, governance and internal control are needed to ensure that it remains adequate and effective. The Committee will focus on ensuring that agreed management actions are completed in a timely manner and that risk management is further embedded during 2021/22 through regular scrutiny and challenge of strategic and operational risk registers presented to the Committee following meetings of the Operational Risk Review Group.

During the year, RSM conducted the following reviews, the results of which have been taken into consideration in determining the company's control opinion for 2020/21:

- Commercial Income and Business Development
- Office for Students – Compliance with Registration
- Student Records,



- Pay My Student
- Governance and Risk Management – Senior Postholder Appointment
- Follow Up.

The audit of Commercial Income and Business Development, scheduled for September 2020, was deferred until April 2021 with the Committee's permission. All audits were conducted remotely following Government's advice in relation to working from home during the Covid-19 pandemic. Draft reports for each of these reviews were considered by members of the College Management Teams, whose responses to the audit recommendations and details of their implementation, where applicable, were included in the final reports.

The audits of St Winefride's Strategic Partnership, OfS Compliance with Registration, Student Record Arrangements, Senior Postholder Governance and Risk Management and Apprenticeships Business all resulted in "substantial" assurance opinions. The Pay My Student audit resulted in "partial assurance" and the agreed management actions are being closely monitored. The Follow Up audit resulted in RSM's conclusion that reasonable progress was being made.

The internal audit service opinions from all audits have been used in forming the Committee's opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency, and effectiveness. All audits have included reference to the College's system of controls published in relevant policies and procedures and the College's detailed scheme of Financial Regulations.

#### Review of effectiveness

As Accounting Officer, the Principal and Chief Executive 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, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by



risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes recommendations and detailed minutes of all meetings of Audit Committee throughout the year. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2021 meeting, the Corporation will be carrying out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management 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".

Approved by order of the members of the Corporation on 26 January 2022 and signed on its behalf by:



G Sloan  
Chair of the Corporation



R Hennigan  
Principal and Chief Executive

## Statement of Regularity, Propriety and Compliance

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

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

We confirm that no instances of material irregularity, impropriety or 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 or OfS.



G Sloan  
Chair of the Corporation  
Date: 26/1/2022



R Hennigan  
Principal and Chief Executive  
Date: 26/1/2022



## Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the corporation's grant funding agreements with the ESFA, the corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which 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 and standards have been followed, subject to a material departure 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;
- assess whether the Corporation is a going concern, noting the key reporting assumptions, qualifications or mitigating actions as appropriate (which must be consistent with other disclosures in the accounts and auditors report).

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the 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 to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of the College's website; 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 ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are



used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the Corporation'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 26 January 2022 and signed on its behalf by:

Signed on behalf of the Corporation

A handwritten signature in black ink, appearing to be 'G Sloan', with a long horizontal stroke extending to the right.

G Sloan  
Chair of the Corporation

**HUGH BAIRD COLLEGE****INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF HUGH BAIRD COLLEGE FOR THE YEAR ENDED 31 JULY 2021****Opinion**

We have audited the financial statements of Hugh Baird College (the 'College') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS Accounts Direction').

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matters in relation to which the Regulatory Advice 9: Accounts Direction issued by the Office for Students requires us to report to you if, in our opinion:

- where applicable, funds from whatever source administered by the provider for specific purposes have not been properly applied to those purposes and managed in accordance with relevant legislation; or
- where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have not been applied in accordance with the relevant terms and conditions; or

- the requirements of the OfS's accounts direction have not been met; or
- the provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the College's expenditure on access and participation activities for the financial year has been materially misstated

### **Responsibilities of the Corporation**

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

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

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response



to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the College, the environment in which it operates and the control procedures implemented by management and the Corporation; and
- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the College's operations;
- Compliance with the Post-16 Audit Code of Practice 2020 to 2021;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students;
- Compliance with the requirements of the Office for Standards in Education; and
- Compliance with Coronavirus Job Retention Scheme.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2020 to 2021.

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries; and
- Overstated Coronavirus Job Retention Scheme claims.

#### **Audit response to the risks identified;**

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, the Office for Students and the Office for Standards in Education;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating

rationale of any significant transactions that are unusual or outside the normal course of business; and

- Substantive testing of Coronavirus Job Retention Scheme claims

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

## Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by Education and Skills Funding Agency and our engagement letter.

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

DocuSigned by:  
Wylie & Bisset (Audit) Ltd  
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**Wylie & Bisset (Audit) Limited**  
Chartered Accountants  
Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP

Date: 26 January 2022



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

**To: The Corporation of Hugh Baird College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)**

In accordance with the terms of our engagement letter dated 1 December 2021 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 Hugh Baird 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 has other assurance arrangements in place.

This report is made solely to the corporation of Hugh Baird 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 Hugh Baird 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 Hugh Baird College and the ESFA for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Hugh Baird College and the reporting accountant**

The corporation of Hugh Baird 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 corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- 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 of 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.

## 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 that govern them.

DocuSigned by:

Wylie & Bisset (Audit) Ltd

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## Wylie & Bisset (Audit) Limited

Chartered Accountants

Statutory Auditors

168 Bath Street

Glasgow

G2 4TP

Date: 26 January 2022



**STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD FROM 1 AUGUST 2020 TO 31 JULY 2021**

	Notes	2021 £'000	2020 £'000
<b><u>Income</u></b>			
Funding body grants	2	18,997	17,171
Tuition fees and education contracts	3	5,331	5,285
Other income	4	437	1,361
Investment income	5	-	19
<b>Total Income</b>		<b><u>24,765</u></b>	<b><u>22,836</u></b>
<b><u>Expenditure</u></b>			
Staff costs	6	17,112	15,999
Fundamental restructuring costs	6	33	87
Other operating expenses	7	5,858	5,541
Interest payable	8	324	352
Depreciation	9	1,740	1,553
<b>Total expenditure</b>		<b><u>25,067</u></b>	<b><u>23,532</u></b>
<b>(Deficit)/surplus before gains and losses</b>		<b>(302)</b>	<b>304</b>
<b>(Deficit)/surplus before tax</b>		<b>(302)</b>	<b>304</b>
Taxation		-	-
<b>(Deficit)/surplus for the year</b>		<b>(302)</b>	<b>304</b>
Actuarial gain/(loss) in respect of pension schemes	15	1,312	(2,115)
<b>Total Comprehensive Income for the year</b>		<b><u>1,010</u></b>	<b><u>(1,811)</u></b>

**STATEMENT OF CHANGES IN RESERVES**

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b><u>Balance at 1<sup>st</sup> August 2019</u></b>	<b><u>4,401</u></b>	<b><u>1,231</u></b>	<b><u>5,632</u></b>
Surplus from the income and expenditure account	304	-	304
Other comprehensive income	(2,115)	-	(2,115)
Transfers between revaluation and income and expenditure reserves	59	(59)	-
Total comprehensive income for the year	(1,752)	(59)	(1,811)
<b><u>Balance at 31<sup>st</sup> July 2020</u></b>	<b><u>2,649</u></b>	<b><u>1,172</u></b>	<b><u>3,821</u></b>
Deficit from the income and expenditure account	(302)	-	(302)
Other comprehensive income	1,312	-	1,312
Transfers between revaluation and income	59	(59)	-
Total comprehensive income for the year	1,069	(59)	1,010
<b><u>Balance at 31<sup>st</sup> July 2021</u></b>	<b><u>3,718</u></b>	<b><u>1,113</u></b>	<b><u>4,831</u></b>



**BALANCE SHEET AS AT 31 JULY 2021**

	<b>Notes</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b><u>Fixed assets</u></b>			
Tangible assets	9	29,742	29,595
<b><u>Current assets</u></b>			
Debtors	10	661	619
Cash at bank and in hand	14	7,033	6,097
Total current assets		7,694	6,716
Creditors: amounts falling due within one year	11	3,808	3,833
Total net current assets		3,886	2,833
<b>Total assets less current liabilities</b>		<b>33,628</b>	<b>32,478</b>
<b>Creditors:</b> amounts falling due after more than one year	12	14,534	14,069
<b>Net assets excluding pension liability</b>		<b>19,094</b>	<b>18,409</b>
Net pension liability	15	(14,262)	(14,588)
<b>Net assets including pension liability</b>		<b><u>4,832</u></b>	<b><u>3,821</u></b>
<b><u>Reserves</u></b>			
Revaluation reserve		1,113	1,172
Income & expenditure account		17,981	17,237
Pension reserve		(14,262)	(14,588)
<b>Total</b>		<b><u>4,832</u></b>	<b><u>3,821</u></b>

The financial statements on pages 53 to 75 were approved by the Corporation on 26 January 2022 and were signed on its behalf by:



G Sloan  
Chair of the Corporation



R Hennigan  
Principal and Chief Executive

**STATEMENT OF CASHFLOWS****FOR THE PERIOD FROM 1 AUGUST 2020 TO 31 JULY 2021**

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities:</b>			
(Deficit)/surplus for the year		(302)	304
<b>Adjustment for non-cash items</b>			
Depreciation	9	1,740	1,553
(Increase)/decrease in debtors	10	(42)	228
(Decrease)/increase in creditors due within one year	11	(36)	696
Increase in creditors due after one year	12	718	254
Pensions costs less contributions payable	15	762	756
<b>Adjustment for investing or financing activities</b>			
Investment income	5	-	(19)
Interest payable	8	324	352
<b>Net cash flow from operating activities</b>		<b>3,165</b>	<b>4,124</b>
<b>Cash flows from investing activities</b>			
Investment income	5	-	19
Payments to acquire fixed assets	9	(1,887)	(1,055)
		<b>(1,887)</b>	<b>(1,036)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(100)	(111)
Repayments of amounts borrowed	11	(242)	(232)
		<b>(342)</b>	<b>(343)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>936</b>	<b>2,745</b>
Cash and cash equivalents at the beginning of the year		<b>6,097</b>	<b>3,352</b>
Cash and cash equivalents at the end of the year		<b>7,033</b>	<b>6,097</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1<sup>ST</sup> AUGUST 2020 TO 31<sup>ST</sup> JULY 2021**

**1. STATEMENT OF ACCOUNTING POLICIES**

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

**Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the Accounts Direction for 2020/2021 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 the 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.

**Going concern**

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

The College currently has £1,984,000 of loans outstanding with bankers on terms negotiated in 2013. The terms of the existing agreement are for up to another nine years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants going forwards.

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

## **Recognition of Income**

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

Government revenue grants including funding body recurrent grants are recognised in line with best estimates for the period for 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.

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

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

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

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

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.

## **Post Employment Benefits**

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

### **Teachers Pension Scheme (TPS)**

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



The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### Merseyside Pension Fund (MPF)

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

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

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

#### Short Term Employment Benefits

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

#### Tangible Fixed Assets

##### a) Land and Buildings

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at their valuation at the time of incorporation.

Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the College or 40 years, whichever is the shorter.

Where land and buildings are acquired or modified with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income

and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

#### b) Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Inherited equipment has been fully depreciated. All other equipment is depreciated over its useful economic life on a straight line basis as follows:

Motor vehicles and general equipment	10 years
Computer equipment	5 years

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

#### **Leased assets**

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

#### **Maintenance of Premises**

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

#### **Taxation**

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover 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.



## **Provisions and contingent liabilities**

Provisions would be recognised when:

- The College has a present legal or constructive obligation as the 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.

## **Cash and cash equivalents**

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

## **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 19 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Key accounting estimate note – see Casterbridge

**2. FUNDING BODY GRANTS**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
ESFA Recurrent Grant (16-18)	10,802	10,242
ESFA/LCR Recurrent Grant (Adults)	2,741	2,331
ESFA Apprentices	2,118	2,108
ESFA 14 – 16 Funding	1,081	958
ESFA Pupil Premium	99	89
Release of deferred capital grants	679	565
ESFA PCDL	113	113
ESFA Thornton LLDD	561	539
WEX Capital Funding	202	226
Teachers Pension	521	-
Digital Grant	80	-
	<b>18,997</b>	<b>17,171</b>

**3. TUITION FEES AND EDUCATION CONTRACTS**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
UK Further Education Students	49	77
UK Higher Education Students	3,717	3,594
OFS Income	271	248
	<b>4,037</b>	<b>3,919</b>
LEA	42	28
Construction Skills	36	114
Advanced Learner Loans	608	660
Thornton – Sefton MBC	608	564
	<b>5,331</b>	<b>5,285</b>

**Details of sources of Higher Education funding body grants and tuition fees**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Grant income from the Office for Students	271	248
Fee income for taught awards	3,717	3,594
	<b>3,988</b>	<b>3,842</b>

**4. OTHER INCOME**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Sales and other income	<u>437</u>	<u>1,361</u>



**5. INVESTMENT INCOME**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Interest receivable	—	<u>19</u>

**6. STAFF NUMBERS AND COST**

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

	<b>2021</b> <b>Numbers</b>	<b>2020</b> <b>Numbers</b>
Teaching Staff	213	204
Non-Teaching Staff	239	239
	<u><b>452</b></u>	<u><b>443</b></u>

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Staff costs for the above persons:-</b>		
Wages and Salaries	12,578	12,189
Social Security Costs	1,140	1,097
Other Pension Costs	3,426	2,800
<b>Total Staff Costs</b>	<u><b>17,144</b></u>	<u><b>16,086</b></u>

Fundamental restructuring costs	33	87
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During the year, restructuring costs were £32,803 (2020: £87,332).

The number of staff, including senior post-holders (shown in brackets) and the Principal and Chief Executive who is also the accounting officer, who received emoluments, excluding pension contributions and employer contributions to national insurance but including benefits in kind, in the following ranges was:

	<b>2021</b>	<b>2020</b>
£60,001 - £65,000	1(0)	2(0)
£65,501 - £70,000	1(0)	1(1)
£70,001 - £75,000	1(0)	-
£75,001 - £80,000	1(1)	4(4)
£125,001 - £130,000	1(1)	-
	<u><b>5</b></u>	<u><b>7</b></u>

## KEY MANAGEMENT PERSONNEL

Senior post-holders are defined as the Principal and Chief Executive and holders of the other senior posts whom the Corporation have selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Corporation.

	2021 NUMBER	2020 NUMBER
The number of senior post-holders including the Principal and Chief Executive	5	5
<b>Senior post-holders' emoluments are made up as follows:</b>		
	£	£
Salaries	311,026	414,659
Benefits in kind	-	-
Pension contributions	74,577	78,454
	<b>385,603</b>	<b>493,113</b>

Included in the above is a settlement payment for loss of office.

The number of senior postholders has reduced from 5 to 4 in year. The Vice Principal People, Organisational Development and Culture resigned on 31st August 2020. The Vice Principal (Curriculum and Quality) resigned on 31 December 2020

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid senior post holder) of:

	2021 £	2020 £
Salary	127,500	129,983
Benefits in kind	-	-
Pension Contributions	30,192	27,212
<b>Total emoluments</b>	<b>157,692</b>	<b>157,195</b>

The pension contributions in respect of the Principal and Chief Executive and senior post holders are in respect of employer's contributions to the Teachers' Pension Scheme and Merseyside Pension Fund and are paid at the same rate as for other employees.

The Corporation adopted the AoC's Senior Staff Remuneration code in July 2019 and assesses pay in line with its principles.



The remuneration package of Senior Postholders, 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 the Corporation, who undertakes an annual review of her performance against the Colleges overall objectives using both qualitative and quantitative measures of performance.

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

	<b>2021</b>	<b>2020</b>
Principal's basic salary as a multiple of the median of all staff	4.67	5.10
Principal and CEO's total remuneration as a multiple of the median of all staff	4.72	5.26

## 7. OTHER OPERATING EXPENSES

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Teaching Costs	2,165	1,889
Non-Teaching Costs	2,416	2,114
Premises Costs	1,277	1,538
	<b><u>5,858</u></b>	<b><u>5,541</u></b>

Other operating expenses include:

Auditor's remuneration

- external audit	18	29
- external audit (non-audit services)	-	-
- internal audit	28	22
Hire of plant and machinery:		
- operating leases	60	64

**Access and Participation Spending (HE)**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Access Investment	514	587
Financial Support to Students	95	54
Disability Support	25	25
Research and Evaluation	-	-
	<b>634</b>	<b>646</b>

**8. INTEREST PAYABLE**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Pension finance costs (note 15)	224	241
Interest Cost on Bank Loan	100	111
<b>Total</b>	<b>324</b>	<b>352</b>

During the period, loan interest of £100,445 (2019-20 £109,139) was paid to Lloyds Bank. The loan is being paid on a fixed rate of 4.2% over a term of 15 years.

**9. TANGIBLE FIXED ASSETS**

	<b>Freehold Land and buildings £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
<b>At 1 August 2020</b>	<b>41,137</b>	<b>15,941</b>	<b>57,079</b>
Additions	1,130	757	1,887
At 31 July 2021	<b>42,267</b>	<b>16,698</b>	<b>58,966</b>
<b>Depreciation</b>			
At 1 August 2020	13,890	13,594	27,484
Depreciation Charge	1,064	676	1,740
At 31 July 2021	<b>14,954</b>	<b>14,270</b>	<b>29,224</b>
<b>Net book value at 31 July 2021</b>	<b>27,313</b>	<b>2,429</b>	<b>29,742</b>
<b>Net book value at 31 July 2020</b>	<b>27,247</b>	<b>2,348</b>	<b>29,595</b>

Land and buildings were valued at incorporation at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local authority at incorporation have been valued by the College on a



depreciated replacement cost basis. The College does not have a policy for revaluation.

#### 10. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Trade receivables (net of bad debts provision)	62	149
Prepayments and accrued income	599	470
	<u>661</u>	<u>619</u>

#### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Payments on account	1,063	1,059
Trade creditors	202	214
Taxation and social security	0	108
Accruals	1,066	1,491
Deferred income – government capital grants	679	596
Deferred income – government revenue grants	545	122
	<b>3,555</b>	<b>3,591</b>
Bank Loans	<b>253</b>	<b>242</b>
Creditors falling due within one year	<u>3,808</u>	<u>3,833</u>

#### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Deferred income – government capital grants	12,550	11,832
Bank Loans	1,984	2,237
Creditors falling due after more than one year	<u>14,534</u>	<u>14,069</u>

**13. MATURITY OF DEBT**

Bank loans are repayable as follows:	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
In one year or less	254	243
Between one and two years	263	516
Between two and five years	860	860
In five or more years	860	860
	<u><b>2,237</b></u>	<u><b>2,479</b></u>

**14. CASH AND CASH EQUIVALENTS**

	<b>At 01 August 2020 £'000</b>	<b>Cashflows £'000</b>	<b>At 31 July 2021 £'000</b>
Cash and cash equivalents	<u>6,097</u>	936	<u>7,033</u>

**15. DEFINED BENEFIT OBLIGATIONS**

The College's employees belong to two pension schemes, the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). Both are defined benefit schemes.

Total Pension Cost for the year	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Teachers' Pension Scheme: Contributions paid	1,606	1,438
Merseyside Pension Scheme: Contributions paid	879	732
FRS 102 (28) charge	740	733
<b>Total Pension Cost for the year within staff costs</b>	<u><b>3,225</b></u>	<u><b>2,903</b></u>



The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the Teachers' Pension Scheme was 31 March 2016 and the Merseyside Pension Scheme was 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

## **TEACHERS' PENSION SCHEME**

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by 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 the regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared with 16.48% during

2018-19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

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

The contributions paid to the TPS in the year amounted to £2,200,000 (2020 £1,988,000).

## **MERSEYSIDE PENSION FUND**

The MPF is a funded defined benefit plan, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2020 was £1,154,000, of which employer's contributions totalled £879,000 and employees' contributions totalled £275,000. The agreed contribution rate for 2019/20 was 14.3% for the year to March 2020, and 19.8% from April to July 2020 for employers and between 5.5% and 12.5% for employees, depending on salary.

### **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021 by a qualified independent actuary.

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Rate of increase in salaries	4.1%	3.8%
Rate of increase in pensions	2.7%	2.4%
Discount rate for scheme liabilities	1.6%	1.6%
Inflation Assumption (CPI)	2.6%	2.3%

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

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
<i>Retiring Today</i>	<i>Years</i>	<i>Years</i>
Males	21.0	20.9
Females	24.1	24.0
<i>Retiring in 20 years</i>	<i>Years</i>	<i>Years</i>
Males	22.6	22.5
Females	26.0	25.9



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

	2021		2020	
	Long Term rate of Return expected at 31.7.19	Fair Value at 31.7.19 £'000	Long Term rate of Return expected at 31.7.20	Fair Value at 31.7.20 £'000
Equities	42.4%	10,990	39.3%	8,762
Government Bonds	2.8%	726	3.6%	793
Other Bonds	23.5%	6,091	22.8%	4,975
Property	7.8%	2,022	7.6%	1,629
Cash/Liquidity	3.7%	959	8.8%	1,937
Other	19.8%	5,132	17.8%	3,918
<b>Total Market Value of assets</b>		<b>25,920</b>		<b>22,014</b>
Present value of scheme liabilities		(40,182)		(36,602)
Related deferred tax liability		-		-
<b>Deficit in the scheme</b>		<b>(14,652)</b>		<b>(14,588)</b>

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	25,920	22,014
Present value of plan liabilities	(40,182)	(36,602)
<b>Net pensions liability</b>	<b>(14,252)</b>	<b>(14,588)</b>

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

Amounts included in staff costs:

	2021 £'000	2020 £'000
Current Service Cost	1,803	1,699

**Amounts included in Interest Payable:**

	2021 £'000	2020 £'000
Net interest income	224	241

**Amounts recognised in Other Comprehensive Income**

	2021 £'000	2020 £'000
Return on pension plan assets	2,828	(1,030)
Changes in assumptions underlying the present value of plan liabilities	(1,516)	(1,085)
<b>Amount recognised in Other Comprehensive Income</b>	<b>1,312</b>	<b>(2,115)</b>

**Movement in net defined benefit liability during the year**

	2021 £'000	2020 £'000
Deficit in scheme at 1 August	(14,588)	(11,476)
<b>Movement in year:</b>		
Current service cost	(1,803)	(1,699)
Employer contributions	1,063	1,028
Net interest/return on assets	(224)	(241)
Administration Cost	(22)	(23)
Past Service Cost	-	(52)
Curtailments	-	(10)
Actuarial Gain/(loss)	1,312	(2,115)
Deficit in scheme at 31 July	<b>(14,262)</b>	<b>(14,588)</b>

**Asset and Liability Reconciliation****Changes in the present value of defined benefit obligations**

	2021 £'000	2020 £'000
<b>Defined benefit obligations at start of period</b>	<b>36,602</b>	<b>33,399</b>
Current service cost	1,803	1,699
Interest cost	582	731
Member contributions	273	279
Past service cost	-	52
Curtailments	-	10
Remeasurements(liabilities)	1,516	1,085
Estimated benefits paid	(594)	(653)
<b>Net benefit obligation at end of period</b>	<b>40,182</b>	<b>36,602</b>



**Change in fair value of plan assets**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	22,014	<b>21,923</b>
Interest on plan assets	358	490
Remeasurements (assets)	2,828	(1,030)
Employer contributions	1,063	1028
Member contributions	273	279
Benefits paid	(594)	(653)
Administration Expenses	(22)	(23)
<b>Fair value of plan assets at end of period</b>	<b>25,920</b>	<b>22,014</b>

**16. CAPITAL COMMITMENTS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
LEP Capital Grants	-	16
Orders raised for the College Capital Programme 2020/21	591	211
	<b>591</b>	<b>227</b>

**17. FINANCIAL COMMITMENTS**

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Expiring within one year	60	62
Expiring between two and five years inclusive	-	-
	<b>60</b>	<b>62</b>

The operating lease shown above expired on 31 July 2021. Following this date, the lease was extended for a further two years, and is now due to expire on 31 July 2023.

## 18. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Corporation being drawn from local public and private sector organisations, it is inevitable that some transactions will take place with organisations in which a member of the board of governors 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 total expenses paid to or on behalf of the Governors during the year was Nil relating to 0 governors. (2019-20: £480.21: 6 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration and waived payments of expensed during the year amounted to £Nil (2019-20 £480.21). Due to Covid, no onsite meetings took places during 2020-21, and all meetings were held remotely.

### Liverpool City Region Academy Trust

Hugh Baird College was the sponsor of Liverpool City Region Education Trust (LCRAT). Emslie Morgan Academy is the sole member school of the trust. Mr M Larkin, Vice Principal Finance and Corporate Services and Senior Postholder of Hugh Baird College, was appointed as Trustee of LCRAT on 12 September 2018.

During the year there were no transactions between Hugh Baird College and Emslie Morgan Academy. Emslie Morgan Academy closed on 31 August 2019.

LCRAT has now been dissolved as a company.

## 19. LEARNER SUPPORT FUND

	2021 £'000	2020 £'000
Education Skills Funding Agency	1,160	1,035
Disbursed to Students	(940)	(580)
Administration Costs	(56)	(44)
<b>Balance unspent at 31 July, included in creditors</b>	<b>164</b>	<b>411</b>



The Learner Support Fund has supported 681 16-18 students (533 in 2019/20) during the year with the costs of travel, meals and enrichment. During the same period support has been provided for 295 19+ students (226 in 2019/20) with childcare, travel, discretionary course fees and enrichments. In addition, 78 Advanced Learner Loan bursary students (83 in 2019/20) received support with childcare and travel costs.

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

