



## **REPORT AND FINANCIAL STATEMENTS**

**1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022**

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## **Reference and Administrative Details**

### **Board of Governors during 2021- 2022**

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

Director of Governance - Anne-Marie Nixon

### **Principalship Team**

Rachael Hennigan - Principal and CEO; Accounting Officer  
Matt Larkin - Vice Principal Finance & Corporate Services  
Sonia Stirling – Deputy Principal  
Carol Nield – Executive Director of Human Resources and Organisational Development  
Alexandra Lang – Vice Principal Quality, Learner Services and Human Resources (from 01/08/22)

## **Registered Office**

Balliol Road  
Bootle  
Merseyside  
L20 7EW

## **Professional Advisors**

### **Internal Auditors**

RSM UK RISK ASSURANCE SERVICES LLP  
25 Farringdon Street,  
London  
EC4A 4AB

### **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

### OBJECTIVES AND STRATEGY

The governing body presents its report and the audited financial statements for the year ended 31 July 2022.

### 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.

### Mission, Vision, Strategy and Objectives

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. The College's Vision was confirmed as "To be the best college in the country" and the strategic priorities were approved as:

- Strategic Priority 1 - ***We are a College driven by its people, for its people***
- Strategic Priority 2 - ***We provide the highest quality of experience for our students***
- Strategic Priority 3 - ***We deliver an employer driven curriculum***
- Strategic Priority 4 - ***We serve as a beacon for our community***
- Strategic Priority 5 - ***Seize opportunities that benefit our people and place***

The Principalship team recognises that there are new programmes of work required to take the vision forward and these form the Key Performance Indicators for the year 2022/23. The KPIs are closely monitored at senior leadership level and are reported to the Governing Body.

## **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 431 full time equivalent staff.

The main investment this year was in the development of the St Winefride's site for T Level delivery. A newly constructed T Level teaching block has been built to house all pathways in the Health and Science T Level route and includes specialist laboratories and flexible IT space. During the year there was also investment in remodelling under utilised space on the fourth floor of the Balliol Building to create a high-quality space for the Digital T-Level. In addition, there was remodelling of the first floor of the PAL building to create a further digital workshop for the Digital T Level programme.

## **Stakeholders**

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

- Students
- Educational Sector Funding Bodies
- Staff
- Local Employers
- Local Authorities and the Combined Authority
- Government Offices
- The local community
- Other FE institutions
- Trade Unions
- Professional bodies
- Partner Universities

## **Public Benefit**

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

In delivering its mission, the College provides identifiable public benefits through the advancements of education to approximately 6,400 students including 80 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and provides training to 700 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## **DEVELOPMENT AND PERFORMANCE**

### **Curriculum Developments**

The Deputy Principal and her team have continued to lead high quality, focused employer engagement. 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. This work will continue into 22/23 with the support from the Local Skills Improvement Plan (LSIP) which the College is fully committing to driving forward.

### **Scholarship Programmes**

The scholarship with Peel Ports has been successfully delivered with 2 scholars continuing with the organisation in paid work. The College has developed 2 further scholarship programmes in partnership with Denholme Logistics and Cadent Gas which will commence 2022/23.

### **Strategic Development Fund**

The College has recently been approved to deliver a project via the Strategic Development Fund Bid (SDF) in collaboration with the Association of Liverpool City Region Colleges (AoLCRC).

Hugh Baird College is lead for 2 projects in partnership with Southport College:

- Electric Vehicle Maintenance Upgrade - the development of curriculum intent in renewable energy. This is via Hybrid and Electrical vehicle maintenance and the infrastructure required to move towards low carbon emission and green transport.
- Installation of Electric Car Charging Network –This is via the installation and maintenance of electric car charging points supporting the infrastructure required to move towards low carbon emission and green transport.

The funding will be used to develop curriculum relevant to the above sector, to support employer engagement to ensure curriculum is employer driven and to fund capital purchases in terms of KIT and equipment required for delivery.

## **Test and Learn/Multiply**

The College has bid successfully for funds via Test and Learn which consists of projects aimed at engaging targeted cohorts within the local community by providing provision which will help them move forward both socially and economically.

Multiply is a government funded project aimed at helping transform the numeracy skills of adults. The College has been successful in its bid to deliver a range of projects contributing to this aim including, Maths skills for care leavers, Maths CPD for vocational teachers aimed at enabling them to better develop learners' numeracy skills within the vocational context and CPD for Maths teachers.

## **Financial results**

The College reports a deficit in 2021/22 of £(582)k (2020/21 £(302)k) before actuarial gains and losses. Cash at bank is £6,974k from £7,033k with operational performance generating cash for investments in fixed assets in the year.

Fixed assets in 2021/22 accumulated to £31,522k (2020/21 £29,742k) with additions including the completion of the T Level teaching block at the St Winefride's campus. The investment in T Level facilities at the College, supported by grant funding from the Department for Education combined with continuing investment in the estate totalled £3,792k.

## **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 February 2022.

## **Cash flows and liquidity**

The College's cash at bank at the year end was £6,974k (2020/21 £7,033k) Net cash inflow is reported at £4,075k in the year (2020/21 £3,165k) with cashflows associated with fixed asset additions of £3,790k (2020/21 £1,887k).

The College maintains a loan which was taken out to fund capital investments in the L20 building and which stands at £1,983k 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 2021/22 financial statements, in accordance with the loan agreement.

### **Reserves Policy**

The College has adopted a formal reserves policy. 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 £18.5m (2020/21 £18m) and cash balances £7m (2020/21 £7m).

### **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.

## **COLLEGE PERFORMANCE KPIs**

### **Student achievements**

Overall achievement for 2021/22 is 78.7%. This is a decrease on 2020/21 and is largely as a consequence of a decline in retention specifically across the 16-18 cohort. It is also 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 Teacher Assessed Grades utilised in 2020/21.

Higher Education achievement is 75.6% for 2021/22 which is in line with achievement in 2018/19 (the last like for like year from a comparison perspective).

Overall Apprenticeship achievement is strong at 73.5% which is a significant improvement on 2020/21 and significantly above national rate.

### **Attendance**

Overall attendance for 2021/22 was 81.6%. This is an increase on previous year of 1 percentage point (pp). Increases were seen in both 14–16 and 16–18-year groups with a very small decline in 19+ age group of 0.4pp.

Attendance on GCSE maths and English has seen a significant increase year on year for the 16–18-year-olds. While attendance is higher at 19+ age group there has been a slight decrease in both maths and English.

## **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 2021 to 31 July 2022, the College paid 84% 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 2022/23 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, 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.

## **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 with the key mitigations that the College has identified, and which are documented within the Strategic Risk Register of 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.

<b>Key risk</b>	<b>Key mitigations</b>
Failure to deliver high quality teaching and learning to students	<p>Robust recruitment process led by professional HR team</p> <p>Annual CPD cycle ensures necessary and appropriate training is implemented</p> <p>Robust teaching &amp; learning quality processes identifies areas of concern and directs improvement programmes led by the Quality Unit independent of the teaching departments</p> <p>College wide performance management policy embedded and operating effectively</p>
Financial performance of the College falls below levels required to maintain necessary resources to meet its obligations, including loan covenants and strategic aims	<p>Comprehensive annual budget cycle, including regular review of performance and in-year reforecasts ensures financial performance is closely monitored</p> <p>Well planned recruitment and admissions activities with monitoring of levels at course and departmental level</p> <p>Finance department ensures compliance with Financial Regulations by all managers and staff</p> <p>Monitoring of loan covenant compliance through annual budget setting process, including sensitivity analysis</p>
Failure to adequately safeguard all learners	<p>Robust safeguarding policies defined and implemented / trained all staff</p> <p>High level of visibility of safeguarding protocols</p>

Key risk	Key mitigations
	<p>amongst staff and students</p> <p>Well resourced and experienced staff responsible for safeguarding implementation</p> <p>Regular refresher and induction training to ensure all staff are aware of responsibilities</p> <p>Safer recruitment implemented for all staffing recruitment</p>
Failure of investment in the physical infrastructure of the College	<p>Annual budget cycle ensures sufficient resources are deployed in the context of the overall financial position</p> <p>Well trained and competent estates management team ensures long term estates maintenance is addressed</p> <p>Senior leaders engage with grant making opportunities to bring focussed additional investment</p>
Failure of investment in the information technology estate of the College	<p>Annual budget cycle ensures sufficient resources are deployed in the context of the overall financial position</p> <p>Well trained and competent IT management team ensures appropriate roadmap for investment in core technologies</p> <p>Senior leaders engage with grant making opportunities to bring focussed additional investment</p> <p>Investments made in software and hardware solutions to mitigate cyber attacks</p>
Failure to attract, recruit and retain a high quality workforce	<p>Robust recruitment and selection process, including safer recruitment practices, which ensures assessment of new starter candidate against approved job requirements</p> <p>Wide range of advertising approaches used to attract candidates from a wide pool of applicants</p> <p>Structured induction programme ensures staff onboarded effectively</p>

Key risk	Key mitigations
	<p>Market intelligence utilised to monitor pay scales</p> <p>Comprehensive health and wellbeing support in place supported by regular staff engagement initiatives</p> <p>Structured continuous professional development in place supports the achievement of outstanding performance and the effective management of underperformance</p>
Failure to comply with funding body regulation and minimum standards	<p>Well trained and resourced MIS department with oversight over all regulated activity</p> <p>Use of industry specific database tools to ensure sector wide consistency</p> <p>Regular attendance at briefing seminars or webinars for senior staff</p> <p>Departmental audits of data to provide in-year insight into data errors</p> <p>Use of external validation reports to ensure data quality is robust</p> <p>Quality of teaching and learning is monitored and managed</p> <p>Achievement forecasts and predictions monitored throughout the year to ensure areas of concern can be rapidly addressed</p> <p>Leadership team is made aware of minimum standard levels.</p>
Failure to protect staff, students and visitors from health and safety hazards throughout the College	<p>Well trained and resourced Health &amp; Safety manager in place with authority throughout the College</p> <p>Use of consistent risk assessment templates, reviewed by the health and safety manager</p> <p>Culture of openness and transparency supported by policies to ensure health and safety issues are raised and communicated</p>

Key risk	Key mitigations
	<p>Health and Safety Committee ensures there is a forum for issues to be raised as required</p> <p>Investment in safety facilities (e.g. fire alarms, training software) to ensure compliance</p>
Failure to attract and recruit learners to College offerings	<p>Curriculum review and planning process ensures the College's offering meets employer and learner needs</p> <p>Admissions and marketing have agreed targets and are monitored against their achievement</p> <p>Annual business planning cycle challenges excessively optimistic or pessimistic recruitment ambitions, supported by marketing data</p> <p>Marketing budget ensures that the College can advertise through all necessary channels</p> <p>Marketing team ensures that annual approaches are reviewed to reflect current trends</p>

## STREAMLINED ENERGY AND CARBON REPORTING

The College is committed to reducing its carbon emissions, and has taken the following measures in the year to improve energy efficiency:

- Measure 1 – Installation of Solar Panels
- Measure 2 – Installation of new windows
- Measure 3 – Installation of LED lighting at the South Sefton College Campus

The College's greenhouse gas emissions and energy use for the period are set out as follows:

UK Greenhouse gas emissions and energy use data for the period	1 August 2021 to 31 July 2022	1 August 2020 to 31 July 2021
Energy consumption used to calculate emissions (kWh)		
<b>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</b>	712.99	944.73
Gas consumption	4.96	2.53

Owned transport		717.95		947.26
Total				
<b>Scope 2 emissions in metric tonnes CO2e</b>				
Purchased Electricity		595.51		627.54
<b>Scope 3 emissions in metric tonnes CO2e</b>				
Business travel in employee-owned vehicles		3.27		1.18
<b>Total gross emissions in metric tonnes CO2e</b>		1316.73		1575.98
Intensity ratio				
Metric tonnes CO2e per FTE staff member		3.06		3.49

### Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Governments Conversion Factors for Company Reporting.

### Intensity Ratio

The chosen intensity ratio is FTE staff numbers.

### 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 relevant College Policy.

- 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.

### **Gender Pay Gap Reporting**

The College publishes on its website, an annual Gender Pay Gap report which meets its obligations under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The latest report published provides the required analysis of data on the snapshot date of 31 March 2022.



## **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**

The College publishes on its web site a Disability Statement, setting out the range of support and facilities available for learners with a physical or sensory impairment, mental health or physical related disability, or specific learning disability. The leaflet is available in different formats including large print, audio tape and braille.

100% of the College accommodation used for curriculum delivery is accessible by wheelchair users and a range of specialist equipment and assistive technology is available for use by students.

The Additional Learner Support Team makes detailed assessment of learners' support needs 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.

The student POD provides a central place for all students to get information and advice on a wide range of during their time at the College and works in partnership with Heath Assured to provide all students aged 16 plus with access to a counselling helpline. The helpline is available 24 hours a day, 7 days a week, 365 days a year and allows a student to speak directly with a trained counsellor.

## **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 2021 to 31 March 22.

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 2021 to 31<sup>st</sup> March 2022 the following applies:**

<b>Number of employees who were relevant trade union officials: 3</b>	<b>Full –time equivalent employee number: 2.6</b>
<b>Percentage of time spent on facility time</b>	<b>1.6%</b>
<b>Total cost of facility time</b>	<b>£4,804</b>
<b>Total Pay Bill (1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022)</b>	<b>£16,012,519</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>

## 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 30 November 2022 and signed on its behalf by:

DocuSigned by:  
  
DBF0700BB4BD413...

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 2021 to 31st July 2022 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 “must” provisions of the Code, and it has complied throughout the year ended 31 July 2022. 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 (AoC) 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. The AoC revised Code of Good Governance for English Colleges was considered and adopted by the Corporation on 20 October 2021.

In adopting the revised Code, the Corporation noted that further development was needed to meet the recommendations contained in the new section on Environmental Sustainability and scheduled consideration of a new policy statement into the annual calendar of business. The Corporation approved the final policy statement on 29 June 2022. On 20 September 2022 the Search and Governance Committee reviewed compliance with the revised Code in detail and noted that all of the “must” provisions had been evidenced, with further development needed for recommended actions relating to the implementation of the Environmental Strategy and some previously identified enhancements to recommendations relating to equality, diversity and inclusion reporting.

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.

	<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 2021/22</b>
Ms. P. Brown	22 June 2020	4 years  First appointed on 23/6/2016		Member	Audit Committee; 14-16 Discipline Committee	13/14  93%
Mr. P. Cherpeau	12 July 2021	4 years		Member	Quality and Standards Committee	12/13  92%
Ms. A. Cooper	4 January 2022	1 year	End of study 30/6/22	FE Student Member	Quality and Standards Committee	3/8  38%

	<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 2021/22</b>
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	Not applicable as resigned before first meeting for 2021/22
Prof R Dawson	30 November 2021	7 months  First appointed on  1/12/2017	Resigned with effect from 30 June 2022	Member	Chair of HE Committee; Member of Remuneration Committee	12/14  86%
Mr A Gibbons	30 November 2021	4 years  First appointed on  1/12/2017		Member and Vice Chair of the Corporation	Vice Chair of the Corporation; Chair of Finance and Resources Committee; Tender Evaluation Panel; Remuneration Committee	16/17  94%

	<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 2021/22</b>
Ms. R. Harding-Quinn	12 July 2021  Reappointed for a full term from 12 July 2022	4 years		Member	Member of Audit Committee and 14-16 Discipline Committee	15/15  100%
Ms R Hennigan	3 February 2020	N/A		Principal and Chief Executive	Member of: Quality and Standards; HE; Finance and Resources; Search and Governance and Tender Evaluation Panel	25/27  93%
Ms. L. Johnson	23 November 2021	1 year or to end of study on 30/6/22	End of term of office on 30 June 2022	HE Student Member	H.E. Committee	7/9  78%
Mr K Lockhart	16 October 2022	4 years  First appointed on 17 October 2018		Member	Member of: Audit Committee; Chair of Audit Committee from 25 November 2021; Member of H.E. Committee and Remuneration Committee	15/17  88%
Ms A Murphy	6 July 2020 (1- year probationary term)  Reappointed until 5 July 2024	4 years		Member	Member of Quality and Standards and 14-16 Discipline Committee	12/14  86%

	<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 2021/22</b>
Ms L Nixon	22 October 2019 (1-year probationary term)  Reappointed on 21 October 2020 until 20 October 2023	4 years	12 October 2022	Academic Staff Member	Member of Quality and Standards	11/13  85%
Ms L Redican	16 October 2022	4 years  First appointed on 17 October 2018		Member	Chair of: Quality and Standards and Member of Remuneration Committee	15/16  94%
Ms B Rice	22 June 2020	4 years  First appointed 23/6/2016	Resigned from 25 November 2021 and was appointed as a Co-opted Member of Audit Committee from 25/11/21	Member	Chair of Audit Committee until 25/11/21; Member of Remuneration Committee until 25/11/21	3/5  60%
Mr K Rice	20 November 2021	4 years  First appointed 21/11/17		Business Support Staff Member	Finance and Resources Committee	12/13  92%
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; Chair of Search and Governance Committee.	19/20  95%



	<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 2021/22</b>
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 Committee and member of 14-16 Discipline Committee.	19/19  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, Remuneration, Search and Governance Committees and member of Tender Evaluation Panel	20/21  95%

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.

### **Corporation Meetings**

During 2021/22 there were 37 official meetings of the Corporation and its Committees. Attendance of governors for the past three years by meeting is shown below:

<b>Year</b>	<b>No. of Meetings</b>	<b>Actual Attendance</b>	<b>Possible Attendance</b>	<b>%</b>
2021/22	37	229	255	90%
2020/21	38	249	271	92%
2019/20	33	214	242	88%

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

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
Governors	92%	91%	94%
Students	59%	78%	33%
Staff	88%	96%	76%
Principal	93%	100%	90%

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

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
<b>Corporation</b> <i>(Including Strategic Planning Conference)</i>			
Governors	89%	89%	92%
Students	50%	75%	30%
Staff	81%	93%	73%
Principal	100%	100%	100%
<b>Committees</b>			
Governors	96%	94%	95%
Students	80%	71%	40%
Staff	100%	100%	83%
Principal	89%	100%	86%

### **Appointments since 31 July 2022**

Ms. S. Bloxam was appointed as HE Student Governor for an initial period of 12 months with effect from 19 October 2022.

Mr. G. Braga Carvalho was appointed as FE Student Governor for an initial period of 12 months with effect from 19 October 2022.

Mr. J. Yates was appointed as a governor and Chair of the HE Committee for an initial period of 12 months with effect from 19 October 2022.

Ms. D. Stock was appointed as Academic Staff Governor for an initial period of 12 months with effect from 18 November 2022.

### **Re-appointments since 31 July 2022**

There have been the following re-appointments since 31 July 2022:

- Mr. K Lockhart was reappointed to serve a 2<sup>nd</sup> term and as Chair of the Audit Committee from 16 October 2022 – 15 October 2026.
- Ms. L. Redican was reappointed to serve a 2<sup>nd</sup> term and as Chair of the Quality and Standards Committee from 16 October 2022 – 15 October 2026.

### **Resignations and retirements since 31 July 2022**

Ms. L. Nixon resigned as Academic Staff Governor on 12 October 2022.

Ms. Anne-Marie Nixon was the Director of Governance during the period 1 August 2021 to 31 July 2022.

### **The Governance Framework**

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 2021/22 (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 Tender Evaluation Panel. 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.

During 2021/22 the Corporation and its Committees held scheduled meetings on a hybrid basis, with members and officers able to join meetings in person or remotely 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 and detailed training is provided for all new members and managers. In reviewing the effectiveness of hybrid meetings, the Corporation noted that attendance had increased and the level of participation and balance of scrutiny and challenge had remained high. In 2020/21 there was capital investment in the board room facilities to enhance the meeting experience for those attending in person and members joining remotely and replacement tablets were 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 2021/22 the only governor serving more than two consecutive terms of four years was Mr. Crosby, who retired from the Corporation on 14 September 2021.

## Corporation Performance

During 2021/22 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 September 2022, the Search and Governance Committee self-assessed against a detailed schedule of evidence relating to the AoC Revised Code of Good Governance for English Colleges and concluded that the College complied with the Code. The exercise identified that governance was effective and that there were a number of key strengths in governance and some areas for improvement. The areas for further improvement had been identified in-year in Committee and Corporation meetings and included equality, diversity and inclusion reporting and environmental sustainability and actions to address these have been included in the schedule of work for 2022/23.

During 2021/22 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. The internal audit annual report and opinion for 2021/22 concluded that “: *“The organisation has an adequate and effective framework for risk management, governance and internal control.”*”

## Board Training and Development

The Corporation approved the annual schedule of business and a detailed governor training and development plan for 2021/22 at its first meeting on 20 October 2021. In addition to the plan, a number of governors attended training and development sessions which were promoted and delivered in-year. The table below shows the training and development sessions delivered for governors during the year and includes full Board and Committee training sessions, with all the Committee session presentations made available electronically to all members.

Date	Session Title	Attendance Group / Individual	Lead Presenter / Organisation
29/09/21	Teaching and Learning Observations	Quality & Standards Committee	Assistant Principal, Quality & Learner Services
22/09/21	Best Practice Guide for Audit Committees	Audit Committee	RSM – Internal Auditors
06/10/21	Management Accounts & DFE Good Practice Model	Finance & Resources Committee	Vice Principal (Finance & Corporate Services); Chair and Director of Governance
20/10/21	Board Competency and Board Review	Corporation	Director of Governance
23/11/21	Understanding Regularity Audit and Financial Statements	Audit Committee	Wylie & Bisset – External Auditors

10/11/21	Understanding the Final Accounts	Finance & Resources Committee	Vice Principal (Finance & Corporate Services)
03/11/21	Understanding Data and Performance	Quality & Standards Committee	Deputy Principal
04/11/21	Higher Technical Qualifications and the Higher Education Landscape	HE Committee	Director of Higher Skills (Student Engagement)
24/11/21	Funding Assurance	Corporation	Vice Principal (Finance & Corporate Services)
24/11/21	Safeguarding Training – Peer on Peer Abuse	Corporation	Executive Director HR & Organisational Development
08/12/21	Curriculum and Quality: Key Areas for Improvement	Corporation	Principal & Chief Executive and Deputy Principal
12/01/22	Business Continuity Planning	Finance & Resources Committee	Vice Principal (Finance & Corporate Services)
19/01/22	Curriculum Areas of Focus	Quality & Standards Committee	Deputy Principal
04/02/22	Learning Walks and Work Scrutiny	Corporation Strategic Planning Conference	Deputy Principal and All Assistant Principals
16/3/22	Insurance and Key Risks	Audit Committee	Vice Principal (Finance & Corporate Services)
02/03/22	Business Planning	Finance & Resources Committee	Vice Principal (Finance & Corporate Services)
23/03/22	Environmental Sustainability	Corporation	Vice Principal (Finance & Corporate Services)
09/03/22	HE Short Courses and OfS Consultation	HE Committee	Assistant Principal Higher Skills
01/06/22	Board Assurance and Risk Appetite	Audit Committee	Vice Principal (Finance & Corporate Services)
22/06/22	Ofsted Inspections	Quality & Standards Committee	Principal & Chief Executive and Deputy Principal

In addition to the scheduled sessions detailed above governors attended a detailed Safeguarding Update delivered by the Designated Safeguarding Lead on 4 May 2022 and new governors attended induction delivered by the Director of Governance. Governors also benefitted from participating in a wide range of internal and external online training and development sessions including: Equality and Diversity in Practice; Safeguarding Essentials; Working with the Prevent Duty; AoC Northern Governor Induction; ESFA Online Governor Financial Dashboard; Rainbow Flag Training; ETF Effective Board Behaviours; RSM Webinars (Embedding Effective Culture from the Top,

Writing Effective Service Level Agreements; Charity Sector Governance, Key Skills and Competencies).

The Chair of the Corporation participated in the Chartered Institute of Directors' Leadership Programme in 2021/22 and attended the Strategic Conversation with the ESFA.

The Director of Governance participated in a wide range of continuous professional development activities, including mandatory safeguarding, prevent, equality diversity and inclusion, cyber security training; the full annual schedule of governor training; Oxford Said Business School Governance Professional Leadership Level Programme; Kay White : Position & Own The Value of Your Governance Role; Kay White : Communicate With Impact & Influence, Naturally; Eversheds Charity Law Webinar; ESFA Strategic Discussion; ETF Governance Conference; ETF Staff Governors' Conference (presented and attended); AoC North West Governance Professionals Network Meetings; AoC Governance Conference (chaired and attended) and AoC Governance North Away Day. In addition, the Director of Governance chaired the AoC National Governance Professionals' Group, attended the AoC Governors' Council and participated in the following ETF National Groups: Governance Development Programme, Leadership Institute Steering Group, External Board Review Consultation Group and Governance Professionals' Competency Framework Group.

The Corporation has considered the DfE guidance on external board reviews and has plans to commission an external reviewer in 2022/23.

### **Remuneration Committee**

Throughout the year ending 31 July 2022 the College's Remuneration Committee comprised 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 for 2021/22 was reviewed on 13 October 2021 and is as follows:

### **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 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 considered 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 at section seven 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 engaged 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.

This policy statement is scheduled for review in 2022/23.

In 2021/22 Remuneration Committee met on three occasions on 13 October 2021, 22 March 2022 and 29 June 2022 and the overall attendance for the year was 89%. All meetings were quorate.

The College's key strategic objectives are detailed in the key strategic priorities developed for 2021-22 and senior post holder targets were aligned to the key strategic priorities.

The Corporation's designated senior postholders for 2021/22 were:

Rachael Hennigan – Principal and Chief Executive

Sonia Stirling – Deputy Principal Curriculum Quality and Student Services

Matt Larkin – Vice Principal Finance and Corporate Services

Anne-Marie Nixon – Director of Governance

### **Principal and Chief Executive's Earnings for 2021/22**

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 period of time is stated as:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Principal's basic salary as a multiple of the median of all staff	4.48	4.67	4.76
Principal and CEO's total remuneration as a multiple of the median of all staff	5.14	4.72	5.03

### **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.

## **Payment of Expenses**

The Corporation has approved an expenses policy for all staff including senior postholders and this is detailed within Financial Regulations. Payment of expenses to governors and senior postholders is set out in Financial Regulations and the amounts paid during 2021/22 are detailed in note 18

Details of remuneration for the year ended 31 July 2022 are set out in note 6 to the financial statements.

## **Audit Committee**

The Audit Committee comprises four members of the Corporation (from 25 November 2021 this changed to 3 members plus an external co-opted member) and excludes 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 (5 times in 2021/22) 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 internal 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 have been listed in the statement relating to Corporation training. The Annual Report of the Audit Committee also includes details of the training and development undertaken by the Committee members during 2021/22. The members of the Committee and their attendance records are shown below:

Name	Date of meeting					Attendance		
	22/09/21	23/11/21	03/03/22	16/03/22	01/06/22	Actual	Possible	%
P. Brown	√	√	√	√	√	5	5	100%
R. Harding-Quinn	√	√	√	√	√	5	5	100%
K. Lockhart	√	√	√	√	√	5	5	100%
B. Rice (Co-opted from November 21)	√	√	X	√	√	4	5	80%

### **Search and Governance Committee**

During 2021/22 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 2021/22 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 2021/22 Finance and Resources Committee met five times and scrutinised and challenged management reports on the College's financial position at each meeting. Each of the five meetings focussed on the efficient and effective use of resources, the solvency of the institution and the progress of the 2021/22 budget. Consideration was also given to the draft estimates of income and expenditure for 2022/23 before being formally approved by the Corporation on 29 June 2022. 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 2022/23 budget which would enable the College to retain outstanding financial health.

### **Quality and Standards Committee**

The Quality and Standards Committee met five times during 2021/22 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 2021/22 the membership of the Committee was enhanced to include an employer engagement specialist. During 2021/22 the Committee reviewed and approved a number of student-facing policies, in addition to closely monitoring and challenging the intent, implementation and impact of the curriculum and 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 2021/22 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 2021/22 the Committee received training as detailed in the Corporation's training statement, in addition to regular reports on financial sustainability and detailed reports relating to the HE strategy, student experience, standards, OfS compliance and risks.

### **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 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 2022 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 2022 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.

### **Risks faced by the Corporation**

The Corporation has approved a Risk Management Policy which sets out the structures and processes for identifying, evaluating and managing risks faced 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. The risks identified and managed through this process inform the principal risks as set out in the Strategic Report.

### **Control weaknesses identified**

Through the internal audit reviews the Corporation has received reports and assurances of the effectiveness of controls which are in place at the College to safeguard the assets and ensure effective and efficient use of resources. There have been no significant control weaknesses or failures identified in the year.

### **Responsibilities under funding agreements**

The College is party to a significant number of funding agreements with a range of regulatory funding bodies, including the ESFA, the Liverpool City Region Combined Authority and the Office for Students.

During 2021/22 the College was subject to an external Funding Assurance Review conducted on behalf of the ESFA which was reported to the Corporation in January 2022. Across all funding streams the review concluded that the College had substantially met contractual requirements providing significant assurance to the Corporation of compliance with contractual responsibilities. The College maintains an Internal Audit service provided by RSM which includes annual provision for mock funding audits and continuing professional advice and development to ensure that all key operational staff and process are in place to ensure that the College continues to meet all contractual responsibilities.

### **Statement from the Audit Committee**

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. This opinion is supported by the 2021/22 Annual Report of the Internal Audit Services Provider, RSM UK Risk Assurance Services LLP.

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 2021/22:

- Agency Usage



- Safeguarding and Prevent Framework
- Health and Safety Framework
- Higher Education – Competition and Markets Authority
- Exam Arrangements
- Follow Up.

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. In addition, RSM was separately commissioned to provide continuous professional development for relevant staff in funding assurance audits and conducted a mock funding audit. The ESFA conducted a Funding Assurance audit in November 2021 and the outcomes of this provided additional assurance.

The audits of Agency Usage, Safeguarding and Prevent Framework, Health and Safety Framework and Exam Arrangements all resulted in "substantial" assurance opinions. The Higher Education – Competition and Markets Authority was an advisory review and the agreed management actions are being closely monitored. The Follow Up audit resulted in RSM's conclusion that good 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 2022 meeting, the Corporation will be carrying out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2022.

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 30 November 2022 and signed on its behalf by:

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*Geraldine Sloan*

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G Sloan  
Chair of the Corporation

DocuSigned by:

*Rachael Hennigan*

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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.

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G Sloan  
Chair of the Corporation  
Date: 30/11/22

DocuSigned by:  
  
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R Hennigan  
Principal and Chief Executive  
Date: 30/11/22

## **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 any material departures disclosed and explained in the financial statements.
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation:
- 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 and any other public funds 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 by the ESFA or any other public funder. 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 and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 30 November 2022 and signed on its behalf by:

Signed on behalf of the Corporation

DocuSigned by:  
  
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G Sloan  
Chair of the Corporation

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF HUGH BAIRD COLLEGE FOR THE YEAR ENDED 31 JULY 2022

### Opinion

We have audited the financial statements of Hugh Baird College (the 'College') for the year ended 31 July 2022 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 2022, 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 2021 to 2022;
- 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 2021 to 2022.

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.

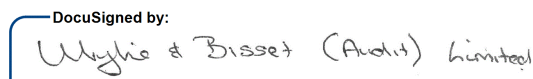
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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:  
  
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**Wylie & Bisset (Audit) Limited**  
 Chartered Accountants  
 Statutory Auditor  
 168 Bath Street  
 Glasgow  
 G2 4TP

Date: 30th November 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 31 October 2022 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 2021 to 31 July 2022 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 2021 to 31 July 2022 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.

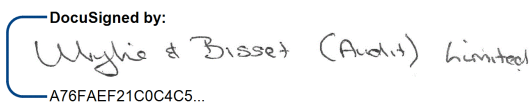
Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

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Wylie & Bisset (Audit) Limited  
 Chartered Accountants  
 Statutory Auditor  
 168 Bath Street  
 Glasgow  
 G2 4TP

Date: 30th November 2022

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE****FOR THE PERIOD FROM 1 AUGUST 2021 TO 31 JULY 2022**

<b><u>Income</u></b>	<b>Notes</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Funding body grants	2	19,817	18,997
Tuition fees and education contracts	3	5,186	5,331
Other income	4	844	437
Investment income	5	-	-
<b>Total Income</b>		<b><u>25,847</u></b>	<b><u>24,765</u></b>
<b><u>Expenditure</u></b>			
Staff costs	6	17,147	17,112
Fundamental restructuring costs	6	-	33
Other operating expenses	7	6,962	5,858
Interest payable	8	309	324
Depreciation	9	2,011	1,740
<b>Total expenditure</b>		<b><u>26,429</u></b>	<b><u>25,067</u></b>
<b>Deficit before gains and losses</b>		<b>(582)</b>	<b>(302)</b>
<b>Deficit before tax</b>		<b>-</b>	<b>(302)</b>
Taxation		-	-
<b>Deficit for the year</b>		<b>(582)</b>	<b>(302)</b>
Actuarial gain in respect of pension schemes	15	11,534	1,312
<b>Total Comprehensive Income for the year</b>		<b><u>10,952</u></b>	<b><u>1,010</u></b>

**STATEMENT OF CHANGES IN RESERVES**

	<b>Income and expenditure account</b>	<b>Revaluation reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Balance at 1<sup>st</sup> August 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	1312	-	1,312
Transfers between revaluation and income and expenditure reserves	59	(59)	-
<b>Total comprehensive income for the year</b>	<b>1,069</b>	<b>(59)</b>	<b>1,010</b>
<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>
Deficit from the income and expenditure account	(582)	-	(582)
Other comprehensive income	11,534	-	11,534
Transfers between revaluation and income and expenditure reserves	59	(59)	-
<b>Total comprehensive income for the year</b>	<b>11,011</b>	<b>(59)</b>	<b>10,952</b>
<b><u>Balance at 31<sup>st</sup> July 2022</u></b>	<b><u>14,729</u></b>	<b><u>1,054</u></b>	<b><u>15,783</u></b>

**BALANCE SHEET AS AT 31 JULY 2022**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
	<b>s</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Fixed assets</u></b>			
Tangible assets	9	31,522	29,742
<b><u>Current assets</u></b>			
Debtors	10	770	661
Cash at bank and in hand	14	6,974	7,033
Total current assets		<u>7,744</u>	<u>7,694</u>
Creditors: amounts falling due within one year	11	(4,596)	(3,808)
Total net current assets		<u>3,148</u>	<u>3,886</u>
<b>Total assets less current liabilities</b>		<b><u>34,670</u></b>	<b><u>33,628</u></b>
<b>Creditors:</b> amounts falling due after more than one year	12	(15,113)	(14,534)
<b>Net assets excluding pension liability</b>		<u>19,557</u>	<u>19,094</u>
Net pension liability	15	(3,774)	(14,262)
<b>Net assets including pension liability</b>		<b><u>15,783</u></b>	<b><u>4,832</u></b>
<b><u>Reserves</u></b>			
Revaluation reserve		1,054	1,113
Income & expenditure account		18,503	17,981
Pension reserve		(3,774)	(14,262)
<b>Total</b>		<b><u>15,783</u></b>	<b><u>4,832</u></b>

The financial statements on pages 53 to 75 were approved by the Corporation on 30 November 2022 and were signed on its behalf by:

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G Sloan  
 Chair of the Corporation

DocuSigned by:  
  
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R Hennigan  
 Principal and Chief Executive

**STATEMENT OF CASHFLOWS****FOR THE PERIOD FROM 1 AUGUST 2021 TO 31 JULY 2022**

	<b>Notes</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Cash flows from operating activities:</b>			
Deficit for the year		(582)	(302)
<b>Adjustment for non-cash items</b>			
Depreciation	9	2,011	1,740
Increase in debtors	10	(109)	(42)
Increase/(decrease) in creditors due within one year	11	778	(36)
Increase in creditors due after one year	12	843	718
Pensions costs less contributions payable	15	827	762
<b>Adjustment for investing or financing activities</b>			
Interest payable	8	309	324
<b>Net cash flow from operating activities</b>		<b>4,077</b>	<b>3,165</b>
<b>Cash flows from investing activities</b>			
Payments to acquire fixed assets	9	(3,792)	(1,887)
		<b>(3,792)</b>	<b>(1,887)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(90)	(100)
Repayments of amounts borrowed	11,12	(254)	(242)
		<b>(344)</b>	<b>(342)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>(59)</b>	<b>936</b>
Cash and cash equivalents at the beginning of the year		<b>7,033</b>	<b>6,097</b>
Cash and cash equivalents at the end of the year		<b>6,974</b>	<b>7,033</b>



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM** **1<sup>ST</sup> AUGUST 2021 TO 31<sup>ST</sup> JULY 2022**

### **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 2019 (the 2019 FE HE SORP), the Accounts Direction for 2021/2022 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 £1,983,000 of loans outstanding with bankers on terms negotiated in 2013. The terms of the existing agreement are for up to another six 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.

## **Judgements in applying accounting policies and key sources of estimation uncertainty**

Judgements in applying accounting policies

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

- Determine whether leases entered into by the college either as a lessor or a lessee are operating or finance lease. These decisions depend on

an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

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

#### Other key sources of estimation uncertainty

- Tangible fixed assets are depreciated over their useful economic lives considering residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assigning asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, and remaining life of the asset and projected disposal values.
- The present value of the Merseyside Pension Scheme defines benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for the pensions include the discount rate. Any changes in these assumptions, which are disclosed at note 15 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2. FUNDING BODY GRANTS

	2022 £'000	2021 £'000
ESFA Recurrent Grant (16-18)	10,973	10,802
ESFA/LCR Recurrent Grant (Adults)	2,823	2,741
ESFA Apprentices	2,598	2,118
ESFA 14 – 16 Funding	1,158	1,081
ESFA Pupil Premium	109	99
Release of deferred capital grants	780	679
ESFA PCDL	113	113
ESFA Thornton LLDD	623	561
WEX Capital Funding	148	202
Teachers Pension	492	521
Digital Grant	-	80
	<b>19,817</b>	<b>18,997</b>

**3. TUITION FEES AND EDUCATION CONTRACTS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
UK Further Education Students	94	49
UK Higher Education Students	3,458	3,717
OFS Income	248	271
	<b>3,800</b>	<b>4,037</b>
LEA	189	42
Youth Training	12	36
Advanced Learner Loans	681	608
Thornton – Sefton MBC	504	608
	<b>5,186</b>	<b>5,331</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Grant income from the Office for Students	248	271
Fee income for taught awards	3,458	3,717
	<b>3,706</b>	<b>3,988</b>

**4. OTHER INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Sales and other income	<u>844</u>	<u>437</u>

**5. INVESTMENT INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	—	—

## 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>2022</b>	<b>2021</b>
	<b>Numbers</b>	<b>Numbers</b>
Teaching Staff	215	213
Non-Teaching Staff	216	239
	<b>431</b>	<b>452</b>

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs for the above persons:-</b>		
Wages and Salaries	12,556	12,578
Social Security Costs	1,153	1,140
Other Pension Costs	3,438	3,426
<b>Total Staff Costs</b>	<b>17,147</b>	<b>17,144</b>

Fundamental restructuring costs	-	33
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During the year, restructuring costs were £nil (2020/21: £32,803).

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>2022</b>	<b>2021</b>
£60,001 - £65,000	4(0)	1(0)
£65,501 - £70,000	1(0)	1(0)
£70,001 - £75,000	0(0)	0(0)
£75,001 - £80,000	0(0)	1(0)
£80,001 - £85,000	1(1)	0(0)
£85,001 - £90,000	0(0)	0(0)
£90,001 - £95,000	1(1)	1(1)
£125,001 - £130,000	0(0)	1(1)
£130,001 - £135,000	1(1)	0(0)
	<b>8</b>	<b>5</b>



## 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.

	2022 NUMBER	2021 NUMBER
The number of senior post-holders including the Principal and Chief Executive	4	5
<b>Senior post-holders' emoluments are made up as follows:</b>		
	£	£
Salaries	362,404	311,026
Benefits in kind	-	-
Pension contributions	125,475	74,577
	<b>487,879</b>	<b>385,603</b>

During the previous year, the number of senior postholders reduced from 5 to 4. The College no longer has a Vice Principal People, Organisational Development and Culture.

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

	2022 £	2021 £
Salary	131,189	127,500
Benefits in Kind	-	-
Pension Contributions	47,988	30,192
<b>Total emoluments</b>	<b>179,177</b>	<b>157,692</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, this is reviewed annually.

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>2022</b>	<b>2021</b>
Principal's and CEO's basic salary as a multiple of the median of all staff	4.48	4.67
Principal and CEO's total remuneration as a multiple of the median of all staff	5.14	4.72

## 7. OTHER OPERATING EXPENSES

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Teaching Costs	2,350	2,165
Non-Teaching Costs	2,907	2,416
Premises Costs	1,705	1,277
	<b><u>6,962</u></b>	<b><u>5,858</u></b>

Other operating expenses include:

Auditor's remuneration

- external audit	22	18
- external audit (non-audit services)	-	-
- internal audit	30	28
Hire of plant and machinery:		
- operating leases	39	60

**Access and Participation Spending (HE)**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Access Investment	486	514
Financial Support to Students	64	95
Disability Support	26	25
Research and Evaluation	10	-
	<b>586</b>	<b>634</b>

**8. INTEREST PAYABLE**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Pension finance costs (note 15)	219	224
Interest Cost on Bank Loan	90	100
<b>Total</b>	<b>309</b>	<b>324</b>

During the period, loan interest of £90,005 (2020/21 £100,445) 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 2021</b>	42,267	16,699	58,966
Additions	2,694	1,098	3,792
Disposals	(43)	-	(43)
<b>At 31 July 2022</b>	<b>44,918</b>	<b>17,797</b>	<b>62,715</b>
<b>Depreciation</b>			
<b>At 1 August 2021</b>	14,954	14,271	29,224
Depreciation Charge	1,214	797	2,011
Disposals	(43)	-	(43)
<b>At 31 July 2022</b>	<b>16,125</b>	<b>15,068</b>	<b>31,193</b>
<b>Net book value at 31 July 2022</b>	<b>28,793</b>	<b>2,729</b>	<b>31,522</b>
<b>Net book value at 31 July 2021</b>	<b>27,313</b>	<b>2,429</b>	<b>29,742</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**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade receivables (net of bad debts provision)	31	62
Prepayments and accrued income	739	599
	<b><u>770</u></b>	<b><u>661</u></b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Payments on account	1,241	1,063
Trade creditors	964	202
Taxation and social security	14	-
Accruals	1,213	1,066
Deferred income – government capital grants	780	679
Deferred income – government revenue grants	121	545
	<b>4,333</b>	<b>3,555</b>
Bank Loans	<b>263</b>	<b>253</b>
Creditors falling due within one year	<b><u>4,596</u></b>	<b><u>3,808</u></b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income – government capital grants	13,393	12,550
Bank Loans	1,720	1,984
Creditors falling due after more than one year	<b><u>15,113</u></b>	<b><u>14,534</u></b>

**13. MATURITY OF DEBT**

Bank loans are repayable as follows:	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
In one year or less	264	254
Between one and two years	275	263
Between two and five years	896	860
In five or more years	548	860
	<b><u>1,983</u></b>	<b><u>2,237</u></b>

**14. CASH AND CASH EQUIVALENTS**

	<b>At 01 August 2021 £'000</b>	<b>Cashflows £'000</b>	<b>At 31 July 2022 £'000</b>
Cash and cash equivalents	<u>7,033</u>	(59)	<u>6,974</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>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Teachers' Pension Scheme: Contributions paid	1,580	1,606
Merseyside Pension Scheme: Contributions paid	843	879
FRS 102 (28) charge	806	740
<b>Total Pension Cost for the year within staff costs</b>	<b><u>3,229</u></b>	<b><u>3,225</u></b>

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 2019.

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 2021/22 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 £2,162,000 (2021 £2,200,000).

## **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 2022 was £1,104,000, of which employer's contributions totalled £843,000 and employees' contributions totalled £261,000. The agreed contribution rate for the year was 19.8% 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 2019 updated to 31 July 2022 by a qualified independent actuary.

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
Rate of increase in salaries	4.2%	4.1%
Rate of increase in pensions	2.8%	2.7%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation Assumption (CPI)	2.7%	2.6%

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 2022</b>	<b>At 31 July 2021</b>
<i>Retiring Today</i>	<i>Years</i>	<i>Years</i>
Males	20.9	21.0
Females	24.0	24.1
<i>Retiring in 20 years</i>	<i>Years</i>	<i>Years</i>
Males	22.4	22.6
Females	25.9	26.0

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

	<b>2022</b>		<b>2021</b>	
	<b>Long Term rate of Return expected at 31.7.19</b>	<b>Fair Value at 31.7.19 £'000</b>	<b>Long Term rate of Return expected at 31.7.19</b>	<b>Fair Value at 31.7.19 £'000</b>
Equities	37.0 %	10,313	42.4%	10,990

Government Bonds	21.7%	6,049	2.8%	726
Other Bonds	8.1%	2,258	23.5%	6,091
Property	8.25	2,286	7.8%	2,022
Cash/Liquidity	5.2%	1,450	3.7%	959
Other	19.8%	5,519	19.8%	5,132
<b>Total Market Value of assets</b>		<b>27,875</b>		<b>25,920</b>
Present value of scheme liabilities		(31,649)		(40,182)
Related deferred tax liability		-		
<b>Deficit in the scheme</b>		<b>(3,774)</b>		<b>(14,652)</b>

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

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Fair value of plan assets	27,875	25,920
Present value of plan liabilities	(31,649)	(40,182)
<b>Net pensions liability</b>	<b>(3,774)</b>	<b>(14,262)</b>

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

**Amounts included in staff costs:**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Current Service Cost	1,838	1,803

**Amounts included in Interest Payable:**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Net interest income	219	224

**Amounts recognised in Other Comprehensive Income**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Return on pension plan assets	809	2,828
Changes in assumptions underlying the present value of plan liabilities	10,725	(1,516)
<b>Amount recognised in Other Comprehensive Income</b>	<b>11,534</b>	<b>1,312</b>



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

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Deficit in scheme at 1 August	(14,262)	(14,588)
<b>Movement in year:</b>		
Current service cost	(1,838)	(1,803)
Employer contributions	1,037	1,063
Net interest/return on assets	(219)	(224)
Administration Cost	(21)	(22)
Past Service Cost	-	-
Curtailments	(5)	-
Actuarial Gain/(loss)	11,534	1,312
Deficit in scheme at 31 July	<b>(3,774)</b>	<b>(14,262)</b>

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

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Defined benefit obligations at start of period</b>	40,182	36,602
Current service cost	1,838	1,803
Interest cost	640	582
Member contributions	261	273
Past service cost	-	-
Curtailments	5	-
Remeasurements(liabilities)	(10,725)	1,516
Estimated benefits paid	(552)	(594)
<b>Net benefit obligation at end of period</b>	<b>31,649</b>	<b>40,182</b>

**Change in fair value of plan assets**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Fair value of plan assets at start of period</b>	25,920	22,014
Interest on plan assets	421	358
Remeasurements (assets)	809	2,828
Employer contributions	1,037	1,063
Member contributions	261	273
Benefits paid	(552)	(594)
Administration Expenses	(21)	(22)
<b>Fair value of plan assets at end of period</b>	<b>27,875</b>	<b>25,920</b>

**16. CAPITAL COMMITMENTS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
T Level Grants	1,167	-
Orders raised for the College Capital Programme 2022/23	1,267	591
	<b>2,434</b>	<b>591</b>

**17. FINANCIAL COMMITMENTS**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Expiring within one year	40	60
Expiring between two and five years inclusive	-	-
	<b>40</b>	<b>60</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 £335 relating to 4 governors. (2020/21: £nil: 0 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 expenses during the year amounted to £996 (2020-21 £nil). Following covid, some meetings during the year were hybrid, and some were held remotely.

## 19. LEARNER SUPPORT FUND

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Education Skills Funding Agency	1,122	1,160
Disbursed to Students	(702)	(940)
Administration Costs	(53)	(56)
<b>Balance unspent at 31 July, included in creditors</b>	<b>367</b>	<b>164</b>

The Learner Support Fund has supported 832 16-18 students (681 in 2020/21) during the year with the costs of travel, meals and enrichment. During the same period support has been provided for 213 19+ students (295 in 2020/21) with childcare, travel, discretionary course fees and enrichments. In addition, 77 Advanced Learner Loan bursary students (78 in 2020/21) 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.

## 20. EVENTS AFTER THE REPORTING PERIOD

On the 1st of October 2022, the College became the sole member of North West Training Council, a local registered charity.