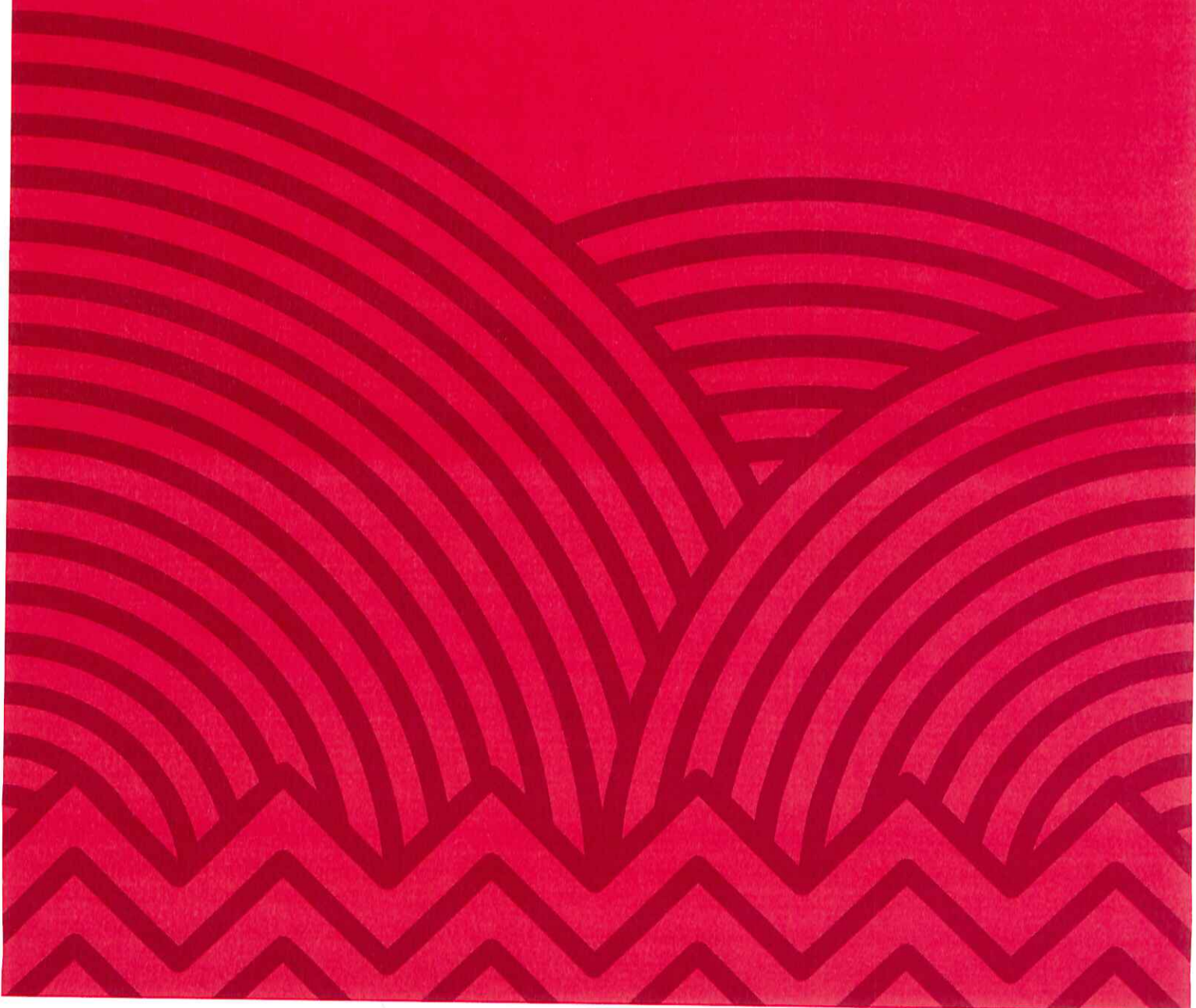


# BHASVIC

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022



**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Financial Statements for the Year Ended 31 July 2022**

**KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS**  
**Key management personnel**

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2021-22:

William Baldwin	Principal and Accounting officer
James Moncrieff	Deputy Principal (Quality and Curriculum)
Jutta Knapp	Assistant Principal (Resources)
Alison Cousens	Assistant Principal (Student Services)
Jacque Punter	Director of Digital Strategy

**Board of Governors**

A full list of Governors is given on page 13-15 of these financial statements.

Mrs Louise Pennington acted as Clerk to the Corporation throughout the period.

**Professional advisers**

Financial Statement and regularity auditors:  
RSM UK Audit LLP  
Portland  
25 High Street  
Crawley  
RH10 1BG

Internal Auditors:  
MacIntyre Hudson  
Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

Bankers:  
Lloyds TSB PLC  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex RH6 0PA

Solicitors:  
Irwin Mitchell  
Belmont House  
Station Way  
Crawley  
West Sussex

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Financial Statements for the Year Ended 31 July 2022**

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**Supplementary document not forming part of the financial statements**

Independent Auditor's Report on Regularity to the Corporation of Brighton Hove and Sussex Sixth Form College

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Strategic Report

#### OBJECTIVES AND STRATEGIES

The governing body present their annual report together with the financial statements and auditor's report for Brighton Hove and Sussex Sixth Form College 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 Brighton Hove and Sussex Sixth Form College (BHASVIC) and was incorporated in England. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

#### Mission

The College's mission as approved is: To transform lives through learning. We will accomplish this by:

- Meeting the individual learning needs of students and supporting them to achieve
- Encouraging students to participate in the wider opportunities the College offers
- Working in partnership with other organisations.

#### Implementation of Strategic Plan

The College's strategic plan is for the period 1 August 2021 to 31 July 2025. The Corporation monitors the performance of the College against the Strategic Plan via the Annual Report and College Development Plan and Self-Assessment Report.

The College's key achievements during 2021-22 as a result of implementing its College Development plan are given below:

Area of Strategic Plan	Achievements 2021-22
<b>Contemporary</b> To be a modern college prioritising: <ul style="list-style-type: none"><li>• Sustainability and Climate Change</li><li>• Digital Transformation</li><li>• The Learner Journey: from Applicant to Alumni</li><li>• First-class Accommodation and Resources</li></ul>	<ul style="list-style-type: none"><li>• In collaboration with FE Sussex we managed a Carbon Literacy project across Sussex colleges to help deliver the targets set out in the Strategic Development Fund.</li><li>• We entered the final year of our current Digital Strategy, reviewing and improving our cybersecurity and migrating many functions to the Cloud.</li><li>• We appointed a communications manager who will review and improve the learner journey.</li><li>• We added 4 additional classrooms via a temporary modular block and continue to draw up plans for a capital build to bid into the capacity fund.</li></ul>
<b>Creative</b> To encourage creative, innovative and reflective approaches to our: <ul style="list-style-type: none"><li>• Curriculum Intent</li><li>• Culture</li><li>• Leadership &amp; Governance</li><li>• Income Generation</li></ul>	<ul style="list-style-type: none"><li>• Our Curriculum Intent document aims to provide a broad and balanced all-round education that is built on subjects, skills, values and breadth. The last year saw a particular focus on skills in line with duties arising from the Skills Act as well as planning how to deliver an additional 40 guided learning hours for Sept 2022.</li><li>• Our 'High Challenge, Low Threat' organisational culture remains strong as evidenced through staff satisfaction (97.2% feel trusted to do their job well).</li><li>• Leadership is strong (98.1% of staff feel that Senior Managers give clear leadership and promote a positive culture).</li><li>• Governance of the college is outstanding with a Review of Governance due in 2023.</li><li>• Income generation is recovering post- Covid but not quite back to pre-pandemic levels.</li></ul>
<b>Learning</b>	<ul style="list-style-type: none"><li>• Student satisfaction remained high despite some of the mitigations in place due to Covid.</li></ul>

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

<p>To achieve outstanding levels of performance based on:</p> <ul style="list-style-type: none"> <li>Curriculum Implementation</li> <li>Support and Guidance</li> <li>Staff Development</li> <li>Impact and Outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Outcomes for learners were very strong – with Grades 15% above national outcomes at A*-B.</li> <li>1,191 students were placed at their first choice University with 37 at Oxford/Cambridge.</li> <li>We had our first year within a re-structured Student services provision (into three distinct areas of support, guidance and experience) helping to streamline and meet student demand in these areas</li> <li>Staff training focused on digital skills to navigate Cloud technology.</li> </ul>
<p><b>Community</b> Where every individual feels part of a community and where we play an active role in our own community, focusing on:</p> <ul style="list-style-type: none"> <li>Wellbeing</li> <li>Equality, Diversity and Inclusion</li> <li>Students as leaders and citizens</li> <li>Partnerships &amp; Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Wellbeing remains a priority for staff and students.</li> <li>91% of staff agree that 'leaders and managers are considerate of my wellbeing'.</li> <li>Students rated 'The College provided me with a good range of information to help me look after my health and wellbeing' at 6.2/10 on average.</li> <li>Our Managers Away Day had the theme of Inclusivity.</li> <li>Our involvement and leadership of Citizens Brighton and Hove is extensive. The Citizens Assembly helped secure additional resources for student mental health.</li> <li>We introduced a portfolio course on community organising.</li> </ul>

### Resources

The college employs 317 people, of whom 175 are teaching staff.

In 2021-22 the College has delivered activity that has produced £14,024k in funding body main allocation funding (2021 - £13,324k). The College had 3,291 16-18 ESFA funded students and no students who are not eligible for funding.

The College has £8,091k of net assets, including £960k of pension liability, (2021 £2,261k with £6,573k pension liability), and long term debt of £10,752k, which includes £6,420k of deferred capital grant, (2021 long term debt of £11,384k including £6,681k deferred capital grant).

The College has a very good reputation locally and nationally. Maintaining this reputation is essential for the College's success at attracting students and external relationships.

### STAKEHOLDER RELATIONSHIPS

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

- Its current, future and past students;
- Education sector funding bodies;
- Its staff and their trade unions. The Senior Leadership Team are named on page 2. The trade unions of which BHASVIC staff are the National Education Union and Unison;
- Parents;
- Local employers (with specific links);
- Local authorities;
- Brighton and Hove Learning Partnership;
- The local community;
- Other FE institutions;
- Professional bodies.

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Strategic Report (continued)

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

### Public Benefit

BHASVIC is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 13-15. In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

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

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

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

**Post-Covid catch-up:** The college received national funding to support students with their academic progress via the ESFA's 'Tuition Fund'. BHASVIC used this additional funding to augment an already existing innovation of academic mentoring for students with low prior attainment who are from an economically disadvantaged background - The Flourish Mentoring Programme. BHASVIC enhanced this offer by circa 200%, where the usual 30 students in receipt of this additional mentoring was upscaled to circa 100 students.

The programme provides students with the lowest average GCSE point score, who have not yet attained a grade 4 in English and/or maths, and/or who were Pupil Premium in Year 11 at school, to receive one-to-one academic mentoring from a highly skilled member of the BHASVIC staff. The mentoring focuses primarily on study skills, time management, organisational skills and revision strategies but also supports the success of the student in their studies through relationship-building, motivational support and confidence to build vision for their next steps after sixth form. The programme has seen an increase in attendance, retention and progress of the students in receipt of the mentoring and is very popular offer with the students themselves. Ofsted visited and evaluated the provision as part of their research for the DfE into the use of the Tuition Fund.

**Exams:** We are pleased to see a return to national exams for our A Levels and GCSEs this summer. These courses have been designed around exams as the final assessments and we strongly believe they are the fairest and most accurate way to determine students' achievement. We had contingency arrangements in place should the government have found it necessary to cancel national exams, and effectively running two systems of assessment throughout this year has been very demanding on the college and on teachers, as well as having caused additional anxiety and uncertainty for students. There have been a number of exam board errors in exam papers, which caused some frustrations and concerns to our staff and students; we have raised all these concerns directly with the relevant Awarding Organisations.

The delivery of BTEC controlled assessments and exams continues to be incredibly challenging – these exams are computer-based and require huge amounts of resource and time to deliver. The demands are unreasonable and are affecting the normal delivery of lessons, so we have lobbied our representative bodies and Pearson/Excel requesting a review and reform of these assessments.



# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Strategic Report (continued)

**Curriculum:** our two new A level courses at BHASVIC – History of Art and Religious Studies – will see their first students complete the qualifications and gain grades this summer. We anticipate very successful outcomes for these two courses.

We are relieved to see a de-escalation of the DfE's strategy to discontinue swathes of Applied General Qualifications (e.g. BTECs) in their review of post-16 education. None of BHASVIC's BTEC offer is currently within scope for deletion, meaning that our very successful and well-considered Study Programmes will be able to continue unaffected.

We do not currently anticipate running any T-Levels at BHASVIC, though we are keeping a very close eye on how these qualifications are rolled out across the country and more locally.

We are augmenting our Study Programmes by approximately 40 Guided Learning Hours next year, for all students at the college (including our first years, second years and ESOL students). This exciting increase in student learning and experience is primarily focused on Study Skills, Employability Skills and Personal Development and will include a Student Skills and Experience Week at the end of the first year where students will choose from a range of activities including work placements, social action projects and residential studies abroad.

### Financial results

The college generated a deficit before other gains and losses in the year of £857k (2020-21 surplus of £35k), with total comprehensive income of £5,830k (2021 £(120k)), which included £6,684k gain on the Local Government pension scheme.

The effects of the COVID – 19 pandemic are still impacting on the college's commercial income from catering, evening languages and venue hire, all of which are taking time to recover, with a resultant downturn of £60,000 when compared to budget. The college also incurred additional costs of £30,000 in additional Marshalls. We received ESFA contribution of £20,720 in respect of these costs.

### Cash flows and liquidity

At £1,254k (2021 £1,058k), net cash inflow from operating activities was relatively strong.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded, with interest paid of £96,000 covered by the operating cashflow.

### Developments

The college's redevelopment involved tangible fixed asset additions during the year amounted to £592,000. This was split between land and buildings acquired of £106,000, being the retention on the Elms Building, and equipment purchased of £486,000.

### Reserves

The college has accumulated reserves of £8,091k and cash and short term investment balances of £2,481k. The college wishes to continue to accumulate reserves and cash balances in order to create sufficient balances to meet future capital requirements.

### Sources of income

The college has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021-22 the funding bodies provided 94% of the college's total income.

### 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:

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Strategic Report (continued)

- Begun implementation of the Carbon Trust Action Plan to meet the college's 2030 NetZero target
- Offer students a Carbon Literacy qualification

The college's greenhouse gas emissions and energy use for the period are set out below:

UK Greenhouse gas emissions and energy use data for the period	1 August 2021 to 31 July 2022	1 August 2020 to 31 July 2022
Energy consumption used to calculate emissions (KWh)		
<u>Scope 1 emissions in metric tonne CO<sub>2</sub>e</u>		
Gas consumption	184.47	179.08
Total		
<u>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</u>		
Purchased electricity	160.85	164.62
<b>Total gross emissions in metric tonnes CO<sub>2</sub>e</b>	<b>345.32</b>	<b>343.70</b>
<u>Intensity ratio</u>		
Metric tonnes CO <sub>2</sub> e per student/staff member/floor area	0.10 / 1.09 / 0.024 tCO <sub>2</sub> e per m <sup>2</sup>	0.11/1.13/0.025 tCO <sub>2</sub> e per m <sup>2</sup>

### 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 Government's Conversion Factor for Company Reporting.

### Intensity Ratio

The chosen intensity measurement ratio is student / staff member / floor area,

### Future developments

### Financial Health

The College is assessed as having a "Good" financial health grading with healthy cash reserves, and continues to have good support from the bank.

Student demand remains high and despite the new teaching block- the Elms Building - which was completed in November 2020, there is still pressure on the college estate.

### Financial plan

The college governors approved a financial plan in July 2022 which sets objectives for the period to 2023. The college aims to maintain its health rating of 'Good' and achieve a surplus in the year to 31 July 2023. There are no significant changes to the college's provision during the term of the plan.

### Future prospects

The College is under Plan Led Funding and 16-19 recurrent funding for 2022-23 has been confirmed at £16,144,223.

### 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



# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **Strategic Report (continued)**

consistent with those risks. The College has a separate treasury management policy in place, and has no plans to increase borrowings in the short term.

Short term borrowing for temporary revenue purposes is authorised by the Principal. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement.

### **Reserves Policy**

Included within the amount of total Reserves held by the College are unrestricted reserves. The purpose of reserves is twofold, to finance future planned capital expenditure as well as supporting the core activities of the College.

An adequate amount of unrestricted reserves is required to ensure that the College has sufficient working capital to cover day to day expenditure, any deficits that may arise, contingency finance for unforeseen expenditure and to contribute to capital expenditure. It seems appropriate to maintain cash reserves in the region of £1,500k for working capital as well as £500,000 for contingencies. The College has accumulated reserves of £8,091k (2021 £2,261k) and cash and short-term investment balances of £2,481k (2021 £2,419k).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Senior Management Team scores and tracks the likelihood and impact of risks on a termly basis noting any mitigation or action to be taken. The risk register is maintained at management level with assurances provided to Corporation committees when risks score above a certain threshold. The process is reviewed once a term by the Audit Committee.

Three overarching key risks have been identified as interlinked and fundamental to the success of the college: Finances, Quality and Reputation. Outlined below is a description of the main risk factors that the College is currently facing. Not all the factors are within the College's control.

#### **Finances**

The College has considerable reliance on continued government funding through the education sector funding body. Funding per student has not increased in line with costs – thus we have faced real terms cuts on an annual basis. Each year it is becoming increasingly difficult to achieve a balanced budget and maintain the quality of our provision on the funding allocation received. Despite this, our financial health remains 'Good'. We have only managed to record a surplus this year due to the in-year funding of growth students.

#### **Student Numbers**

Despite being oversubscribed, achieving target student numbers is always difficult when 'at capacity' yet is so fundamental to our financial stability. We have a history of year-on-year growth and hitting/exceeding target enrolments and 2021-22 was no exception. For 2021-22 there have been more variables than ever, for example our new students have never set foot on site having experienced remote open evenings and moving on days. We were c.100 students over target for 21-22 which while it bodes well for future finances creates difficulties in staffing and rooming and in providing students with the courses they want.

#### **Quality**

The College is in a very strong position in relation to performance outcomes for both progress and attainment however we must continue to be focused on sustaining this in order to maintain the recruitment of students upon which the colleges financial health depends.

With exams undertaken for the first time since 2019, student outcomes at BHASVIC are very strong and we remain in the top1% of providers. 78.2% of grades we A\*-B at A level which is 15% above national average. We did not see a significant dip in outcomes compared to 2021 Teacher Assessed Grades.

#### **Digital**

One risk that has been on our radar for a number of academic years is that of our IT infrastructure. We have made significant strides to reduce this risk with a significantly improved network, cloud migration and additional cybersecurity features. Risk remains around cyber security although we are taking all possible steps to minimise this via staff training and the introduction of two-factor authentication.

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Strategic Report (continued)

#### Financial objectives

The College's financial objectives are:

- To achieve an adequate annual operating surplus
- To pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the Colleges overall finances
- To generate sufficient levels of income to support the asset base of the College
- To further improve the Colleges shorter term liquidity
- To fund continued capital investment

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

#### Performance indicators

Key Performance Indicator	Measure / Target	2021-22
16-19 Student numbers	3,304	3,345
Operating surplus as % of income (excl FRS 102 defined benefit pension adjustment)	≥3%	1.38%
Cash days in hand	>30	54
Current assets : current liabilities	2:1	1.34:1
Staff costs as % of income (excl FRS 102 defined benefit pension adjustment)	74%	76%
Borrowing as % of income	<45%	29%
Sector EBITDA as a % of income	≥4%	6%
<b>Bank covenants</b>		
Operating cash flow before taxation and interest paid to principal and interest paid	≥1.1:1	3.05:1
Total gross debt to EBITDA	<5.0:1	4.87:1
Total gross debt to net assets	<.40%	29%
Cash held	≥£1.25m	£2.3m
Calculated indicator of financial health	Good	Good

#### Payment performance

The Late Payment of Commercial Debts (Interest) Act, in the absence of agreement to the contrary, requires organisations to pay suppliers within 30 days of the supplier performing its obligation. The College strives to pay all its suppliers within agreed terms and during the accounting period 1 August 2021 to 31 July 2022, the College incurred no interest charged in respect of late payment for this period.

#### Equality, Diversity and Inclusion

The college is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in age, disability, pregnancy and maternity, family responsibility, marital and civil partnership, race, colour, ethnicity, nationality, religion and belief, sex, gender identity, sexual orientation, and trade union activity. We strive vigorously to remove conditions, which place people at a disadvantage and we will actively combat discrimination. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality, Diversity and Inclusivity Policy is published on the college website.

The college considers all applications 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. An Equality, Diversity and Inclusivity Action Plan is published each year and is monitored by managers and governors.

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **Strategic Report (continued)**

#### **Disability Statement**

The college seeks to achieve the objectives set down in the Equality Act 2010 and seeks to advance positive attitudes towards anyone with a disability. The college will make all reasonable adjustments to every aspect of the college to avoid disadvantage to any student, staff or visitor with a disability.

- The college has a designated Equality, Diversity and Inclusion Coordinator who provides information and advice to staff and students. The Additional Learning Support Department makes provision for students with disabilities.
- There is a range of specialist equipment, such as radio aids, which the college can make available for use by students and a range of assistive technology is available in the Additional Learning Support Department.
- The admissions policy for all students is published on the college website. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The college has made a significant investment in the appointment of specialist staff to support students with learning difficulties and / or disabilities. There are a number of Additional Learning Support Assistants who can provide in class support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.
- Counselling and welfare services are accessible to students via an on-line referral system accessed via the BHASVIC website, or via contact with Personal Tutors/ Teachers/ Guidance Managers, who can refer issues with the consent of the student, via a designated email. A triage system is in place in the Student Services Centre to allocate appointments, though students can also drop in to access more immediate support when necessary. This system is outlined on the college website, and communicated to students as part of the induction process. The College Code of Conduct is issued to all students at induction.

#### **Trade Union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college.

#### **Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
3	2.86

#### **Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	0
1 – 50%	3
51 – 99%	0
100%	0

#### **Percentage of pay bill spent on facility time**

Total cost of facility time	£3,856
Total pay bill	£10,963,000
Percentage of pay bill spent on facility time (total cost of facility time ÷ total pay bill) x 100	0.035%

#### **Paid trade union activities**

Time spent in paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	26.09%
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# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **Strategic Report (continued)**

#### **Going Concern**

The financial position of the College, its cash flow, liquidity and borrowing are presented in the Financial Statements and accompanying Notes. The College currently has £4,571,000 of secured loans outstanding with bankers on terms negotiated in 2020. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The College have also considered the potential impact of Covid-19 and given the committed funding for 16-19 education, the level of cash reserves and the healthy student enrolment for 2022-23, the forecasts support that it will be able to cover costs for the foreseeable future.

The current cost of living crisis and conflict in the Ukraine is having an impact on levels of expenditure but, with energy costs fixed until March 2023 and allowance made for latest pay offer, the forecasts again support that costs will be covered.

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.

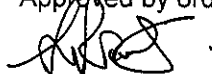
#### **Events after the end of the reporting period**

On 29 November 2022 the Office for National Statistics reclassified all college corporations as public sector institutions. This has led the DoE to introduce some changes to the rules for colleges, primarily in respect of financial matters, including, but not limited to, the ability to obtain commercial debt. The ONS decision to reclassify does not alter our strategic aims, do not have a material impact on either the financial or operations position, and does not impact on the College's going concern assessment disclosed in the financial statements accounting policies.

#### **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 6 December 2022 and signed on its behalf by:



Sandra Prail

Chair

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### 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 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and the financial statements.

The Corporation is the legal entity that operates Brighton Hove and Sussex Sixth Form College (BHASVIC) (the College). The legal status of the Corporation is both a statutory Corporation established under the FHEA 1992 and an exempt charity. The College is an activity through which the Corporation achieves its charitable purpose. The Corporation's Board (Governing Body) has overall responsibility for the conduct of the College.

In the opinion of Governors, 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 (AoC) Code of Good Governance for English Colleges ("the code"), which the Corporation adopted at its July 2021 Corporation meeting, following a compliance review which had been undertaken and noting that any outstanding actions would be progressed during the 2021/2022 academic year. Prior to this, the Corporation had due regard to the UK Corporate Governance Code (2018) insofar as it was applicable to the further education sector.

The Governing Body recognises that, as a body entrusted with public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times and the College is committed to exhibiting best practice in all aspects of corporate governance. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges, which it formally adopted at its July 2021 Corporation meeting.

In the opinion of the Governors, the College has complied with the majority of the Code for the year to 31 July 2022 and evidence for this is based upon its internal review of compliance with the Code, as reported to Governors via the Search and Governance Committee. However, as the Code was only adopted formally with effect from the July 2021 Corporation meeting, actions to ensure compliance with some aspects of the Code, remain in progress. The Board's intention is to comply with the Code as far as possible. The Search and Governance Committee monitors compliance with the Code via a detailed Code compliance checklist and action plan, the latter of which records progress on any outstanding matters and is presented termly to that Committee which then reports to Corporation.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and the Principal Regulator is the Secretary of State for Education. 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.

Name	Date of appointment/ reappointment	Date term of office ends	Date of resignation/ end of term	Status of appointme nt	Committees Served	Attendance Note 1 refer below
Philip Anderson	1 April 2019	31 Dec 2022	31 March 2022	External	Audit	100% (1 meeting)
Raphaella Badua	11 July 2022	July 2023		Student	Quality & Curriculum	100% (1 meeting)
William Baldwin	15 August 2016	Ex officio		Principal	Resources; Quality & Curriculum; Search and Governance; Premises Group	100%

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

Jo Davis	1 April 2019	31 Dec 2022		External	Audit (Chair), Search and Governance, Remuneration	100%
Gillian Hampden-Thompson	9 Nov 2016 Reappointed 9 Dec 2019	31 Dec 2019 31 Dec 2022		External	Quality and Curriculum (Chair) Search and Governance, Remuneration	33%
Julia Holgate-Turner	8 March 2019	31 March 2022	31 March 2022	Staff (Support)	Resources	100% (2 Meetings)
Jiayue Liang	March 2021	July 2022	July 2022	Student	Quality and Curriculum	50% (1 Meeting)
Paul Lovegrove	11 July 2022	31 July 2025		External	Audit	n/a
Michael McLean	1 April 2019	31 March 2022		External	Audit (until 31 Aug 2020) Resources (from 1 Sep 2020)	67%
Chris Newson	23 March 2015. Reappointed March 2018, March 2021	31 March 2024		External	Resources	33%
Kathryn MacVarish	Elected March 2021	31 March 2024		Staff (Teaching)	Quality and Curriculum	67%
Marcus Palmer	18 March 2019, Reappointed March 2022	31 March 2025		External	Resources (Chair from July 2020), Search and Governance, Remuneration	67%
Ava Peevers	11 July 2022	July 2023		Student	Quality & Curriculum	0% (1 meeting)
Neil Perry	9 July 2012 Reappointed July 2015, July 2018, July 2021	31 July 2024		External	Vice-Chair of Corporation (from 1 Aug 2018), Resources (attendee - 9 July 2020 as HR lead Governor), Remuneration (Chair), Search and Governance (Chair), Audit (from 1 April 2019) (Chair until July 2020).	33%
Chris Piper	19 March 2018, 31 March 2021	31 March 2024		External	Quality and Curriculum	67%
Simon Porges	1 January 2021	31 Dec 2022		Parent	Vice-Chair of Corporation from July 2022, Audit Committee, Search and Governance, Remuneration	67%
Sandra Prail	14 July 2014 Reappointed April 2017 (effective July 2017) Reappointed July 2020	31 July 2020 31 July 2023		External	Chair of Corporation Resources, Premises Group, Remuneration, Search and Governance	100%
Jo Redfern	9 November 2016 Reappointed 9 Dec 2020	31 Dec 2019 31 Dec 2022		External	Quality and Curriculum	67%
Louise Serpell	1 January 2021	31 Dec 2022		Parent	Quality and Curriculum	67%
Roxanna Toyne	March 2021	July 2022	July 2022	Student	Quality and Curriculum	50% (1 Meeting)
Jo Usher	11 July 2022	July 2025		Staff (support)	Resources	100% (1 Meeting)
Tom Wolfenden	7 July 2010 Reappointed 31 July 2013, 31 July 2016, 31 July	31 Dec 2022		External	Vice Chair of Corporation (until July 2022), Search and Governance (until July 2022).	100%

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

	2019, 7 July 2021 reappointed wef 31 July 2022 until successor vice chair appointed				Remuneration (until July 2022,) Resources (Chair until July 2020), Premises Group	
Andrew Wright	26 January 2021	31 January 2024		External	Quality and Curriculum	100%

Note 1: Attendance at Corporation meetings during the period of the individual Governor's membership from 1 August 2021 until the date of this report.

Note 2: It was resolved at the Corporation meeting on 9<sup>th</sup> July 2018 that there would be 2 Vice-Chairs of Corporation with effect from 1<sup>st</sup> August 2018 and the Instrument and Articles were revised accordingly.

Note 3: There were three Corporation meetings during this period, one of which were held remotely via M. Teams (July 2022). Governor attendance benchmark per annum is 70% which was achieved in 2021/2022

Note 4: In light of the Covid-19 Pandemic, the Corporation established an Emergency Governance Committee (EGC) in 2020 to deal with Corporation business. The EGC had 1 meeting in the 2019/2020 (April 2020). The EG has not met since. All Corporation and Committee meetings held during 2020/21 and 2021/22 have been held either face to face on site or virtually via Microsoft teams.

At 31 July 2022 the following were members of committees but not members of the Corporation:

Sarah Bovill	Audit
Mark Snape	Resources Committee and Premises Group
Rob Milton	Audit Committee (appointed 11 July 2022)

At 31 July 2022 the following members of staff were members of committees but not members of the Corporation:

Jacqui Punter	Quality and Curriculum
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Louise Pennington acts as Clerk to the Corporation/Governance Director and is a qualified Company Secretary, being an Associate of the Chartered Governance Institute and is also a Fellow of the Chartered Insurance Institute.

### 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 overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once per term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. The committees are Resources Committee, Premises Group which reports to the Resources Committee, Quality and Curriculum Committee, Audit Committee, Search and Governance Committee and Remuneration Committee. The Corporation has also established the following Groups: ICT Task and Finish Group and Digital Strategy (first meeting 7/1/19), Governance EIF Group (Pre-meeting 19/7/21) and Admissions Policy Task and Finish Group (first meeting 23/9/21). Full minutes of all meetings, once approved, except those deemed to be confidential by the Corporation, are available on the College's website (bhasvic.ac.uk) or from the Clerk to the Corporation at the College's registered address:

Brighton Hove & Sussex Sixth Form College 205 Dyke Road, Hove, East Sussex, BN3 6EG

The Clerk to the Corporation 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 Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable



# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Governance statement (continued)

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

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

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Principal of the College are separate.

As reported last year, in light of the Covid-19 Pandemic, the Corporation established an Emergency Governance Committee (EGC) to deal with Corporation business and the EGC had 1 meeting during the accounting year to 31 July 2020, in April 2020 – refer note 4 above. The EGC has not met in the 2 subsequent accounting years to 31 July 2021 and to 31 July 2022 and all Corporation and Committee meetings have been held face to face on site or virtually via Microsoft Teams.

The full Corporation is the appointing authority in relation to the appointment of a Member. The procedure for selection of all Members is through the recommendation of the Search and Governance Committee of the Corporation. The Corporation is responsible for ensuring that appropriate training is provided as required. The Search and Governance Committee comprises the Chair and Vice Chair/s of the Corporation, the Committee Chairs and the Principal. Members of the Corporation are appointed for a term of office of not more than three years, notwithstanding that the AoC's Code of Good Governance recommends a maximum of two terms of four years. Members retiring at the end of their term of office shall be eligible for re-election and will normally not serve more than three terms. The Governing Body does have more than one Governor who has served more than 8 years, being the maximum service recommended by the AoC's Code of Good Governance. The Corporation's Search and Governance Committee reviews all Governor appointments and reappointments to ensure that there remains a good balance, without bias within the overall Corporation membership and reappoints Governors for a longer than the recommended service, where they provide exceptional service and they contribute to the overall skill set and experience.

### Corporation Performance

The Search and Governance Committee of the Corporation annually reviews the Corporation's own performance at its Autumn Term meeting and the Self-Assessment Report (SAR) arising from this, is recommended to Corporation for approval. References and excerpts from the Governance SAR are included within the whole College SAR which is also approved by Corporation and available in the relevant meeting papers at that time. The Corporation reviewed its self-assessment grade for the 2021/22 academic year at its December 2022 meeting, followed the advice of the Search and Governance Committee which met in October 2022, and endorsed the recommendation that the Corporation's grade should be 'Outstanding'.

The Corporation is responsible for ensuring that appropriate training is provided to Governors as required. During the 2021/2022 academic year, Governors were offered various training programmes, webinars and events, including the Education Training Foundation's (ETF) Governance Development Programme and the SFCA governance webinars. A record of all Governor training is maintained by the Clerk and a summary of training is circulated for review annually to the Search and Governance Committee. Furthermore, annually Governors are issued with an individual governance self-assessment questionnaire, which includes a section on Governor training needs, the details of which are also reviewed by the Search and Governance Committee and actioned appropriately. Other training and developments are offered to Governors as appropriate, subject to budgetary restrictions and in-house pre-Corporation and pre-Committee training sessions are also provided as needed; records of such training are also maintained, presented and reviewed by S & G Committee annually. All new Governors participate in the internal Governor induction training.

The Clerk to the Corporation participates in regular training and governance related events and for the year to 31<sup>st</sup> July 2022, this included various AoC and SFCA governance professionals' events, and she has also completed the Governance Professionals Development Programme Expert Level course and qualification, organised by the AoC.

Following an external review in 2017, improvements to governance were implemented.

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Governance statement (continued)

The Corporation intends to commission an external board review (EBR) as required by the Department for Education Guidance on Board Reviews and the AoC Code of Good Governance, during the 2022/2023 academic year and a meeting to review the EBR and timings for this has been scheduled for September 2022, after which recommendations will be made to Corporation for approval. The Corporation did not carry out an External Board Review in the year to 31<sup>st</sup> July 2022.

### Remuneration Committee

Until 11<sup>th</sup> December 2021, the Remuneration Committee includes the Chair and at least two other external Governors. Its responsibilities include consideration of the remuneration and the conditions of service of the Senior Post Holders and taking decisions on remuneration. In reaching its decision, the Committee takes into account the need to recruit and retain, to recognise performance and to maintain appropriate differentials. It gives due regard to the interests of the public and to the financial health of the College. It is guided by survey data from the Sixth Form Colleges Association and by information on any cost of living awards for teachers and support staff in Sixth Form Colleges.

With effect from 11<sup>th</sup> December 2021, it was resolved that the Remuneration Committee should comprise all Committee chairs as its Members, as recommended by the Search and Governance Committee which met in October 2021. Accordingly, the Committee's terms of reference were revised.

The remuneration package for the Principal is subject to annual review by the Remuneration Committee of the governing body which uses benchmarking information to provide objective guidance.

The Principal reports to the Chair of Corporation, who undertakes an annual review of his performance against the college's overall objectives using both qualitative and quantitative measures of performance.

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

As reported earlier, the Corporation resolved at its July 2021 Meeting, to adopt the revised AoC's Code of Good Governance, of which the Senior Post Holder Remuneration Code, has been incorporated into the new Code. The College has due regard for the requirements of the Remuneration Code as set out in Annex 1 of the Code, which are applicable to the College. In accordance with the Code, the Remuneration Committee will be producing an Annual Remuneration Report to the Board for the period 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022, and once approved this will be published on the College's website.

### Audit Committee

The Audit Committee comprises Members of the Corporation or others co-opted on to the Committee. The Chair of Corporation, the Principal, Staff and Students may not be members. The Committee acts in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee usually meets on a termly basis and provides a forum for reporting by the College's internal and external auditors, who have access to the committee for independent discussion and where applicable, without the presence of College management. The Committee also receives and considers reports from the main FE funding body as they affect the College's business.

During the accounting period, the Audit Committee met two times on the following dates and all meetings were quorate:

21 November 2021  
23 June 2022

It was resolved that as there was no urgent or essential business for the Spring Term 2022, the scheduled meeting on 10<sup>th</sup> March 2022, would not be needed and this was agreed with the Chair of Committee and advised to the auditors.

#### Attendance Record for Audit Committee Members:

Member	Term of Office (Start/Finish)	Attendance
Mohammed Ahmed	From September 2020 – resigned November 2021	n/a

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

Philip Anderson	From April 2019 – retired March 2022	0 out of 1 Meeting
Sarah Bovill	From March 2009	0 out of 2 Meetings
Jo Davis	From April 2019 (Chair from July 2020)	2 out of 2 100%
Neil Perry	From April 2019	0 out of 2 Meetings
Simon Porges	From January 2021	2 out of 2 100%
Paul Lovegrove	Appointed July 2022	n/a
Rob Milton	Appointed July 2022 (co-opted Committee Member)	n/a

The Principal, William Baldwin is invited to attend Audit Committee Meetings and he was present at both the Meetings held in the 2021/2022 academic year. Audit Committee attendance has been low this year due to exceptional levels of sickness impacting across the year, and there have been membership changes throughout. The appropriate quoracy has been retained for all meetings however, and now that there are two new members of the Committee it is expected that attendance will return to previous high levels moving forwards.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The College's internal auditors (Mazars) gave notice with effect from the 2019/2020 academic year and new internal auditors (MacIntyre Hudson) were appointed at the July 2021 Corporation meeting, with immediate effect.

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

### Internal Control

From 1 August 2013 there is no statutory obligation for sixth form colleges to have an audit firm to carry out internal audit and provide an assurance to the Audit Committee.

### Scope of responsibility

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

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

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the college for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **Governance statement (continued)**

#### **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 Corporation
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performances 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.

BHASVIC have a reduced scope internal audit service, provided by MacIntyre Hudson (appointed at Corporation July 2021, following the resignation of the previous internal Auditors, Mazars in June 2020), 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 College's governing body on the recommendation of the audit committee. At least annually the internal audit service provides the governing body with a report on internal audit activity in the college. The report includes the independent opinion of the internal audit service provider on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes.

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

Overall responsibility for risk management within the College rests with the Principal as Accounting Officer, together with the Governing Body, and with the Audit Committee providing assurance to the Board, regarding the effectiveness of the arrangements which are in place. The Senior Management Team scores and tracks the likelihood and impact of risks on a termly basis noting any mitigation or action to be taken. The Risk Register is maintained at management level with assurance provided to Corporation Committees when risk scores are above a certain threshold. The process is reviewed once per term by the Audit Committee. All Audit Committee meetings consider risk as a standing agenda item and regularly reviews both the Risk Register, Risk Assurance Map and Risk Management Policy, together with various risk related reports provided by the External and Internal Auditors. "Fraud" is also a standing item on the Audit Committee meeting agendas. Further information relating to risk has been included in the Principal Risk and Uncertainties section of this Annual Report (page 9). The Board also places reliance on the Search and Governance Committee which monitors and reviews risks relating specifically to governance, in addition to its responsibilities relating to good governance practice, such as effective succession planning.

#### **Control weaknesses identified**

No control weaknesses have been identified during the year, and no concerns were raised by the Audit Committee.

#### **Responsibilities under funding agreements**

The Governing Body has ensured the appropriate use of funds as detailed in the Regularity Self-Assessment Questionnaire. At no time during this accounting period has the Accounting Officer, who has the responsibility to ensure compliance with the funding conditions, considered it necessary to advise the Governing Body that any action or policy under its consideration was incompatible with the funding agreement. The College's funding agreement with the ESFA

is reviewed annually by the Senior Management Team and significant changes and their implications are considered by the Resources Committee and Corporation, ensuring that all requirements of that agreement are met. The Audit

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **Governance statement (continued)**

Committee believes that the Corporation has satisfactorily discharged its responsibilities as set out in these annual financial statements.

There have been no payments on termination of employment to the end of July 2022 or up until the time of approval of these financial statements.

The Governing Body has monitored the submission of financial plans through timely approvals of budgets and forecasts, together with regular monitoring of management accounts. The Annual Report and Financial Statements are submitted to the Education and Skills Funding Agency (ESFA) within the deadline required and a copy is made available on the College's website, once approved by the Governing Body, for access by all.

The Governing Body has also ensured that the terms and conditions of specific funding streams such as capital grants have been met and the details of which are monitored closely.

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

The Audit Committee has advised the Governing Body that the College has in place an effective framework for governance and risk management. The Audit Committee has also confirmed that the Governing Body has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2021-2022 academic year and up to the date of this approval of these Financial Statements are:

- i) Audit Findings Report (with the Financial Statements for Information) for the year to 31 July 2021, Letters of Representation for Financial Statements and Regularity Audit.
- ii) Regularity Audit Framework Questionnaire
- iii) Annual Report of the Audit Committee
- iv) Update on Audit recommendations
- v) Internal Audit Report on the Single Central Record
- vi) Internal Audit Report on IT
- vii) Internal Audit Report on income
- viii) Performance Indicators for External and Internal Auditors.
- ix) Reappointment and remuneration – External and Internal Auditors.
- x) External Audit Planning Memorandum for the year ended 31<sup>st</sup> July 2022
- xi) Internal Audit Plan
- xii) Risk Management – the Committee receives regular risk management reports and noted progress against the risk management action plan. It also reviewed the Risk Register and considers that effective controls are in place. The Committee was also presented with and considered the Risk Register and Risk Assurance Map, the latter of which included risk assurance for other Corporation Committees. Risk Management Policy was reviewed and approved including a heat map review.



# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Governance statement (continued)

- xiii) Other Matters: Principal's Report to all Committees including Covid 19 updates/strategic matters etc, Minutes (main and confidential where applicable) and action points, progress with internal and external audit recommendations, Audit Committee self-assessment and review of terms of reference, review of Committee Members' training needs, Anti-Fraud and Irregularity Policy, Fraud.

### Review of effectiveness

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

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

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The 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, which includes recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior leadership 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". It is considered that this framework has continued to enable the College to deal effectively with the impact of Covid-19. The Governing Body has been able to access the information required, including all financial data and risk information, in order to take decisions in a timely manner.

Approved by order of the members of the Corporation on 6 December 2022 and signed on its behalf by:



Sandra Prail  
Chair



William Baldwin  
Accounting Officer

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the Corporation has had due regard to the requirements of grant funding agreements and contracts with the ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm, on behalf of the Corporation, that after due enquiry, and to the best of my knowledge, I am 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 Corporations grant funding agreements and contracts with the ESFA, or any other public funder.

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



William Baldwin  
Accounting Officer  
Date: 6 December 2022

### Statement of the chair of governors

On behalf of the Corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Sandra Prail  
Chair  
Date: 6 December 2022



# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

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

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

Within the terms and conditions of the Corporation's grant funding agreement and contracts with the ESFA, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review of the year. The basis for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

In preparing the financial statements the Corporation is required to:

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

The corporation is also required to prepare a Strategic Report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation 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 its 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Grant Funding Agreement with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 6 December 2022 and signed on its behalf by:



Sandra Prail  
Chair

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE**

#### **Opinion**

We have audited the financial statements of Brighton, Hove and Sussex Sixth Form College (the "College") for the year ended 31 July 2022 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

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 the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the governors' 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 governors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 where the Post-16 Audit Code of Practice 2021 to 2022 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

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

### **Responsibilities of the Corporation of Brighton, Hove and Sussex Sixth Form College**

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 19, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the College operate in and how the college are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the college is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

### **Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 9 November 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Chartered Accountants  
Portland  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

Date: 13/12/22

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Statement of Comprehensive Income**  
**For the year ended 31 July 2022**

	Notes	2022 £'000	2021 £'000
<b>INCOME</b>			
Funding body grants	2	14,938	14,148
Other grants and contracts	3	176	126
Other income	4	807	439
<b>Total income</b>		<b>15,921</b>	<b>14,713</b>
<b>EXPENDITURE</b>			
Staff costs	5	12,967	11,655
Other operating expenses	6	2,658	1,968
Depreciation	9	956	893
Interest and other finance costs	7	197	162
<b>Total expenditure</b>		<b>16,778</b>	<b>14,678</b>
<b>Surplus/(Deficit) before other gains and losses</b>		<b>(857)</b>	<b>35</b>
Loss on disposal of assets		-	(173)
Change in market value of investments		3	15
<b>(Deficit) before tax</b>		<b>(854)</b>	<b>(123)</b>
Taxation	8	-	-
<b>(Deficit) for the year</b>		<b>(854)</b>	<b>(123)</b>
<b>Remeasurement of net defined pension liability</b>	16	6,684	3
<b>Total comprehensive income for the year</b>		<b>5,830</b>	<b>(120)</b>

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Balance sheet as at 31 July 2022**

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible assets	9a	<u>19,175</u>	<u>19,539</u>
<b>Current assets</b>			
Stocks		7	1
Debtors	10	545	476
Investments	9b	153	150
Cash at bank and in hand	15	<u>2,328</u>	<u>2,269</u>
Total current assets		<u>3,033</u>	<u>2,896</u>
<b>Less: Creditors – amounts falling due within one year</b>	11	<u>(2,405)</u>	<u>(2,217)</u>
<b>Net current assets</b>		<u>628</u>	<u>679</u>
<b>Total assets less current liabilities</b>		<b>19,803</b>	<b>20,218</b>
Less: Creditors – amounts falling due after more than one year	12	(10,752)	(11,384)
<b>Provisions</b>			
Defined benefit obligations	16	(960)	(6,573)
<b>Total net assets</b>		<u><b>8,091</b></u>	<u><b>2,261</b></u>
<b>Unrestricted Reserves</b>			
Income and expenditure account		6,230	324
Revaluation reserve		1,861	1,937
<b>Total reserves</b>		<u><b>8,091</b></u>	<u><b>2,261</b></u>

The financial statements on pages 27 to 47 were approved by the Corporation on 6 December 2022 and were signed on its behalf on that date by:

  
**Sandra Prail**  
 Chair

  
**William Baldwin**  
 Principal

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**College Statement of Changes in Reserves**

	Income and Expenditure account £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 31 July 2020</b>	<b>368</b>	<b>2,013</b>	<b>2,381</b>
Deficit for the year	(123)	-	(123)
Other comprehensive income	3	-	3
Transfers between revaluation and income and expenditure reserves	76	(76)	-
<b>Total comprehensive income for the year</b>	<b>(44)</b>	<b>(76)</b>	<b>(120)</b>
<b>Balance at 31 July 2021</b>	<b>324</b>	<b>1,937</b>	<b>2,261</b>
Deficit for the year	(854)	-	(854)
Other comprehensive income	6,684	-	6,684
Transfers between revaluation and income and expenditure reserves	76	(76)	-
<b>Total comprehensive income for the year</b>	<b>5,906</b>	<b>(76)</b>	<b>5,830</b>
<b>Balance at 31 July 2022</b>	<b>6,230</b>	<b>1,861</b>	<b>8,091</b>



**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Cash Flow Statement**

	Notes	2022 £'000	2021 £'000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(854)	(123)
<b>Adjustment for non cash items</b>			
Depreciation		956	893
Loss on disposal of assets		-	173
Deferred capital grant release		(325)	(325)
Decrease/(Increase) in stocks		(6)	3
(Increase)/decrease in debtors		(68)	52
Increase/(Decrease) in creditors within one year		572	(464)
Pension scheme non-cash movements		970	702
<b>Adjustment for investing or financing activities</b>			
Fair value (gains)/loss on investments		(3)	(15)
Interest payable		197	162
<b>Net cashflow from operating activities</b>		<b>1,439</b>	<b>1,058</b>
<b>Cash flows from investing activities</b>			
Capital grants received		-	200
Payments made to acquire fixed assets		(942)	(1,811)
		<b>(942)</b>	<b>(1,611)</b>
<b>Cash flows from financing activities</b>			
New loan received		-	1,500
Interest paid		(92)	(78)
Interest element of finance lease rentals		(4)	(6)
Repayments of amounts borrowed		(333)	(244)
Capital elements of finance lease rentals		(9)	(10)
		<b>(438)</b>	<b>1,162</b>
<b>Total Investing and financing activities</b>		<b>(1,380)</b>	<b>(449)</b>
<b>Increase in cash and cash equivalents</b>		<b>59</b>	<b>609</b>
Cash and cash equivalents at the start of the year	16	2,269	1,660
Cash and cash equivalents at the end of the year	16	2,328	2,269

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Accounting policies

##### Statement of accounting policies

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

##### General information

Brighton Hove and Sussex Sixth Form College is a Corporation established under the Further and Higher Education Act 1992 as a sixth form college, incorporated in England. The address of the College's principle place of business is 205 Dyke Road, Hove, East Sussex BN3 6EG. The nature of the College's operations are set out in the Report of the Governing Body.

##### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: 'Accounting for Further and Higher Education 2019' (the 2019 FE HE SORP), the 'College Accounts Direction for 2021 to 2022' and in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

##### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non – current assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years stated unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### Going concern

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

The College currently has £4,571,000 of loans outstanding with bankers on terms negotiated in 2020. The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future.

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

###### Revenue Grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 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

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 1. Accounting policies (continued)

##### Recognition of Income (continued)

the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

##### Capital Grant funding

Government capital grants for assets are accounted for under the accrual model as permitted by FRS 102. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

##### Fee income

Any income from tuition fees is recognised in the period for which it is received, and includes all fees chargeable to students or their sponsors.

##### Investment income

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

##### Other Income

All other income is credited to the income and expenditure account in the period in which it is received or to which it relates, on an accruals basis.

##### Agency arrangements

The college acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college and are included in other creditors, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

##### Accounting for post employment benefits

Post employment benefits to employees of the College are provided by The Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are multi -employer 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 projected unit 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 scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### East Sussex Local Government Pension Scheme (LGPS)

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

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Financial Statements for the Year Ended 31 July 2022**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1. Accounting policies (continued)**

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

**Short term Employment benefits**

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

**Tangible Fixed Assets**

**Land and buildings**

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of up to 55 years on a straight line basis. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future.

**Assets in course of construction**

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

**Subsequent expenditure on existing assets**

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

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

**Equipment**

Equipment costing less than £1,000 per individual item is written off to the Statement of Comprehensive Income in the year of acquisition with the exception of the annual IT equipment upgrade which may include individual items below this level but is capitalised at cost. All other equipment is capitalised at cost.

Equipment is depreciated on the straight line method as follows:

Building improvements	10% per year
Computer equipment	Between 20% and 50% per year
Other equipment	20% per year

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Financial Statements for the Year Ended 31 July 2022**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1. Accounting policies (continued)**

**Leased assets**

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

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

**Stocks**

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

**Investments**

Investments are units in the COIF charities investment fund and shares on the AIM market, as well as money on short term bank deposit. Current asset investments, which include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

**Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

**Financial liabilities**

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

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

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Balance Sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

**Taxation**

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

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

# BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

## Financial Statements for the Year Ended 31 July 2022

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 1. Accounting policies (continued)

##### Maintenance of premises

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

##### Provisions

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical areas of judgement

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

##### Critical accounting estimates and assumptions

- **Tangible fixed assets**  
Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.
- **Local Government Pension Scheme**  
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 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.

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**2 Funding body grants**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
ESFA 16-18 recurrent grant	14,024	13,324
Release of government capital grants	325	325
Other allocations	589	499
<b>Total</b>	<b><u>14,938</u></b>	<b><u>14,148</u></b>

**3 Other grants and contracts**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Skills Development Fund grant	176	-
Coronavirus job retention scheme grant	<u>-</u>	<u>126</u>

**4 Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Catering operations	262	83
Other income generating activities	258	100
Covid funding	21	46
Miscellaneous income	266	210
<b>Total</b>	<b><u>807</u></b>	<b><u>439</u></b>

The college received £21k from the ESFA as contribution to additional costs incurred due to the pandemic, with £46k being received in 2020/2021.



**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**5 Staff costs**

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	175	175
Non teaching staff	<u>142</u>	<u>130</u>
	<b><u>317</u></b>	<b><u>305</u></b>

**Staff costs for the above persons**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	9,232	8,444
Social security costs	855	744
Other pension costs	<u>2,880</u>	<u>2,459</u>
	<u>12,967</u>	<u>11,647</u>
Restructuring costs	<u>-</u>	<u>8</u>
	<b><u>12,967</u></b>	<b><u>11,655</u></b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team, which comprises the Principal, the Deputy Principal and two Assistant Principals.

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

	<b>2022</b>	<b>2021</b>
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>4</u>

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**5 Staff costs (Continued)**

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

	<b>Key Management</b>	
	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>
£60,001 to £65,000	1	1
£70,001 to £75,000	1	1
£75,001 to £80,000	-	1
£80,001 to £85,000	1	-
£115,001 to £120,000	1	1
	<u>4</u>	<u>4</u>

No other staff received annual emoluments in excess of £60,000.

Key management personnel compensation is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	332	327
Employers National Insurance	42	40
Pension contributions	<u>76</u>	<u>75</u>
<b>Total emoluments</b>	<u><b>450</b></u>	<u><b>442</b></u>

The above emoluments include amounts payable to the Principal who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	<u>117</u>	<u>115</u>
Employers National Insurance	15	14
Pension contributions	<u>28</u>	<u>27</u>

The Remuneration Committee will consider whether to adopt the remuneration code to assess pay in line with the principles of the code for future remuneration decision making.

The remuneration package for the Principal and key management personnel is subject to annual review by the Remuneration Committee of the governing body, who take careful account of the College's Remuneration and PDR policies for Senior Postholders. Consideration is given to the latest survey figures and individual PDR achievements as well as the past and likely future national pay settlements. In balancing reward for performance with the budgetary pressures on the college the committee made awards that reflect the likely national pay settlement.

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**5 Staff costs (continued)**

Relationship of Principal pay and remuneration expressed as a multiple:

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Principal basic salary as a multiple of the median of all staff	3.05	3.04
Principal total remuneration as a multiple of the median of all staff	3.14	3.14

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

**6 Other operating expenses**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	401	287
Non teaching costs	1,553	1,104
Premises costs	704	577
<b>Total</b>	<b>2,658</b>	<b>1,968</b>

**(Deficit) before tax is stated after charging:**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	35	30
Teachers pension audit	2	2
Grant audit	5	-
Internal audit	15	2
Hire of other assets – operating leases	113	104

**7 Interest payable**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans	92	78
Interest on finance leases	4	6
Pension finance costs (note 18)	101	78
<b>Total</b>	<b>197</b>	<b>162</b>

**8 Taxation**

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

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**9a Tangible fixed assets**

	<b>Freehold Property</b>	<b>Assets in course of construction</b>	<b>Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 August 2021	26,726	-	2,131	28,857
Additions	106	-	486	592
Disposals	-	-	(571)	(571)
Transfer			-	-
<b>At 31 July 2022</b>	<b>26,832</b>	<b>-</b>	<b>2,046</b>	<b>28,878</b>
<b>Depreciation</b>				
At 1 August 2021	7,826	-	1,492	9,318
Charge for the year	684	-	272	956
Disposals	-	-	(571)	(571)
<b>At 31 July 2022</b>	<b>8,510</b>	<b>-</b>	<b>1,193</b>	<b>9,703</b>
<b>Net book value at 31 July 2022</b>	<b>18,322</b>	<b>-</b>	<b>853</b>	<b>19,175</b>
Net book value at 31 July 2021	18,900	-	639	19,539

Land and buildings with a net book value of 13,726,348 have been financed by exchequer funds.

If inherited land and buildings had not been valued, they would have been included as £nil cost and £nil accumulated depreciation.

The net book value of equipment includes an amount of £21,144 (2021 £35,699 in respect of assets held under finance lease).

**9b Investments**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Listed investments	88	84
Unlisted investments	65	66
	<b>153</b>	<b>150</b>

The college owns 133,333 shares in Frenkel Topping plc, a company incorporated in England and Wales. Their principal activity is the provision of financial advice.

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**10 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Other debtors	41	93
Prepayments and accrued income	504	383
<b>Total</b>	<b><u>545</u></b>	<b><u>476</u></b>

**11 Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	306	279
Obligations under finance lease	12	10
Other loans	27	27
Payments received in advance	63	72
Trade creditors	480	307
Other taxation and social security	216	198
Other creditors and accruals	1,040	999
Deferred income - government capital	261	325
<b>Total</b>	<b><u>2,405</u></b>	<b><u>2,217</u></b>

**12 Creditors: amounts falling due after one year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	4,265	4,598
Obligations under finance lease	13	24
Other loans	54	81
Deferred income - government capital	6,420	6,681
<b>Total</b>	<b><u>10,752</u></b>	<b><u>11,384</u></b>

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**13 Borrowings**

Bank loans are repayable as follows:

	2022 £'000	2021 £'000
In one year or less or on demand	306	279
Between one and two years	306	306
Between two and five years	917	917
In five years or more	3,042	3,375
<b>Total</b>	<b>4,571</b>	<b>4,877</b>

The College drew down a loan of £4.2m in 2016. The interest rate is fixed at 1.96% for 5 years to May 2025 payable by instalments between October 2016 and June 2039. The amount outstanding at 31 July 2022 is £3,178,378.  
The College drew down a loan of £1.5m in 2020. The interest rate is variable at 1.68% above bank rate for 5 years payable between October 2021 and June 2039. The amount outstanding at 31 July 2022 is £1,392,938.

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

	2022 £'000	2021 £'000
In one year or less	12	10
Between two and five years	13	24
<b>Total</b>	<b>25</b>	<b>34</b>

**14 Provisions**

	Defined benefit obligations £'000
<b>At 1 August 2021</b>	(6,573)
Expenditure in the period	(101)
Transferred to income and expenditure account	5,714
<b>At 31 July 2022</b>	<b>(960)</b>

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

15 Cash and cash equivalents	At 1 August 2021 £'000	Cashflows £'000	Other Changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	2,269	59		2,328
	<u>2,269</u>	<u>59</u>	<u>-</u>	<u>2,328</u>
Debt due within 1 year	(184)	27		(157)
Debt due after 1 year	(4,801)	306		(4,495)
Finance leases	(34)	9		(25)
Current asset investments	150		3	153
<b>Total</b>	<b>(2,600)</b>	<b>401</b>	<b>3</b>	<b>(2,196)</b>

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**16 Retirement benefits**

The College's employees belong to two post employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Orbis Business Operations. Both are defined-benefit schemes.

<b>Total pension cost for the year</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Teachers Pension Scheme: contributions paid	1,411	1,295
Local Government Pension Scheme:		
Contributions paid	506	469
FRS 102 charge	<u>963</u>	<u>692</u>
Charge to the Statement of Comprehensive Income	1,469	1,161
<b>Total pension cost for year within staff costs</b>	<b><u>2,880</u></b>	<b><u>2,456</u></b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

There were outstanding contributions of £225,344 (2021 £204,520) at the end of the financial year, and are included within creditors.

**Teachers' Pension Scheme**

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultations are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- 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 £196 billion, giving a notional past service deficit of £22 billion;
- discount rate is 2.4% in excess of CPI.

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**16 Retirement benefits (continued)**  
**Teachers' Pension Scheme (continued)**

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19). DfE 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 Teacher's Pension Scheme website

The pension costs paid to TPS in the year amounted to £1,957,000 (2021: £1,295,000).

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by East Sussex County Council. The total contribution made for the year ended 31 July 2022 was £706,000 of which employer's contributions totalled £506,000 and employees' contributions totalled £200,000. The agreed contribution rates for future years are 19.8 % for employers and range from 5.5% to 12.5% for employees.

**Principal Actuarial Assumptions**

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
Rate of increase in salaries	2.80%	2.85%
Rate of increase for pensions in payment / inflation	2.80%	2.85%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumption (CPI)	2.80%	2.85%
Commutation of pensions to lump sums pre April 2008		50%
Commutation of pensions to lump sums post April 2008		75%

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>
Retiring today		
Males	21.20	21.20
Females	23.80	23.70
Retiring in 20 years		
Males	22.10	22.00
Females	25.10	25.10



**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**16 Retirement benefits (continued)**  
**Local Government Pension Scheme (Continued)**

The actuarial calculations have allowed for actual pension increase experience for the period from 2021/2022. This assumes that pension increases are in line with the annual pension increases set by the HM Treasury Revaluation Order.

These Actuarial assumptions have been reviewed and accepted by the college.

The college's estimated share of the assets in the scheme were:

	Value at 31 July 2022	Value at 31 July 2021
	£'000	£'000
Equities	9,023	8,449
Bonds	1,909	1,890
Property	1,082	824
Cash	269	222
<b>Total market value of assets</b>	<b>12,283</b>	<b>11,385</b>
<b>Actual return on plan assets</b>	<b>392</b>	<b>1,381</b>

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

	2022	2021
	£'000	£'000
Fair value of plan assets	12,283	11,385
Present value of plan liabilities	(13,243)	(17,958)
<b>Net pensions liability</b>	<b>(960)</b>	<b>(6,573)</b>

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

	2022	2021
	£'000	£'000
Current and past service costs	1,469	1,161
Net interest on the defined benefit pension liability	101	78
	<b>1,570</b>	<b>1,239</b>

Amounts included in Other Comprehensive Income

	2022	2021
	£'000	£'000
Return on pension plan assets	206	1,244
Changes in demographic assumptions	-	294
Changes in assumptions underlying the present value of plan liabilities	6,518	(1,805)
Other experiences	(40)	270
<b>Amount recognised in Other Comprehensive Income</b>	<b>6,684</b>	<b>3</b>

**BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**  
**Notes to the Financial Statements (continued)**

**16 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(6,573)	(5,796)
Movement in year:		
Current service cost	(1,469)	(1,161)
Employer contributions	506	469
Administration expenses	(7)	(10)
Net interest/return on assets	(101)	(78)
Actuarial gain or loss	6,684	3
<b>Deficit in scheme at 31 July</b>	<b><u>(960)</u></b>	<b><u>(6,573)</u></b>

**Asset and Liability Reconciliation**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>17,958</b>	<b>15,356</b>
Service cost	1,469	1,161
Interest cost	287	215
Contributions by Scheme participants	166	147
Changes in demographic assumptions	-	(294)
Changes in financial assumptions	(6,518)	1,805
Other experience	40	(270)
Estimated benefits paid	(159)	(162)
<b>Defined benefit obligations at end of period</b>	<b><u>13,243</u></b>	<b><u>17,958</u></b>

**Reconciliation of Assets**

<b>Fair value of assets at start of period</b>	<b>11,385</b>	<b>9,560</b>
Interest on plan assets	186	137
Return on plan assets	206	1,244
Administration expenses	(7)	(10)
Employer contributions	506	469
Contributions by Scheme participants	166	147
Estimated benefits paid	(159)	(162)
<b>Fair value of assets at end of period</b>	<b><u>12,283</u></b>	<b><u>11,385</u></b>

The estimated value of employer contributions for the year ended 31st July 2023 is £536,000.

## **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

### **Notes to the Financial Statements (continued)**

#### **17 Contingencies**

There are no contingencies at the year end.

#### **18 Post balance sheet events**

On 29 November 2022 the Office for National Statistics reclassified all college corporations as public sector institutions. This has led the DoE to introduce some changes to the rules for colleges, primarily in respect of financial matters, including, but not limited to, the ability to obtain commercial debt. The ONS decision to reclassify does not alter our strategic aims, do not have a material impact on either the financial or operations position, and does not impact on the College's going concern assessment disclosed in the financial statements accounting policies.

#### **19 Financial Commitments**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
Expiring within one year	12	16
Expiring within two and five years inclusive	19	30
	<b>31</b>	<b>46</b>

#### **20 Related party transactions**

There were no expenses paid to or on behalf of the Governors during the year; All governor training expenses settled directly by the College. (2021: £13; 1 governor. This represented annual DBS renewal)

One of our Governors was a Director of an IT firm who supply the college with IT network solutions. He moved from there in April 2022 to another IT firm who supply the college with similar products.

He is not involved in any element of agreeing requirements, creating the solution or pricing.

The amount paid in 2022 to these two firms whilst he was in post was £9,540 (2021:£21,498)

Another of our Governors is the owner of a company that has a contract with the college to provide well-being, mental health and parent and carer support. This is a specialist service with this company being the only provider in the City. The amount paid in 2022 was £5,000 (2021:3,750)

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **Independent reporting Accountant's report on regularity to the Corporation of Brighton Hove and Sussex Sixth Form College and the Secretary of State for Education acting through the Education and Skills Funding Agency**

#### **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 9 November 2019 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Brighton Hove and Sussex Sixth Form College during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

#### **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We are independent of the Brighton Hove and Sussex Sixth Form College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

#### **Responsibilities of Corporation of Brighton Hove and Sussex Sixth Form College for regularity**

The Corporation of Brighton Hove and Sussex Sixth Form College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Brighton Hove and Sussex Sixth Form College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

#### **Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

# **BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE**

## **Financial Statements for the Year Ended 31 July 2022**

### **Use of our report**

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

*RSM UK Audit LLP*

### **RSM UK AUDIT LLP**

Chartered Accountants

Portland

25 High Street

Crawley

RH10 1BG

13/12/22