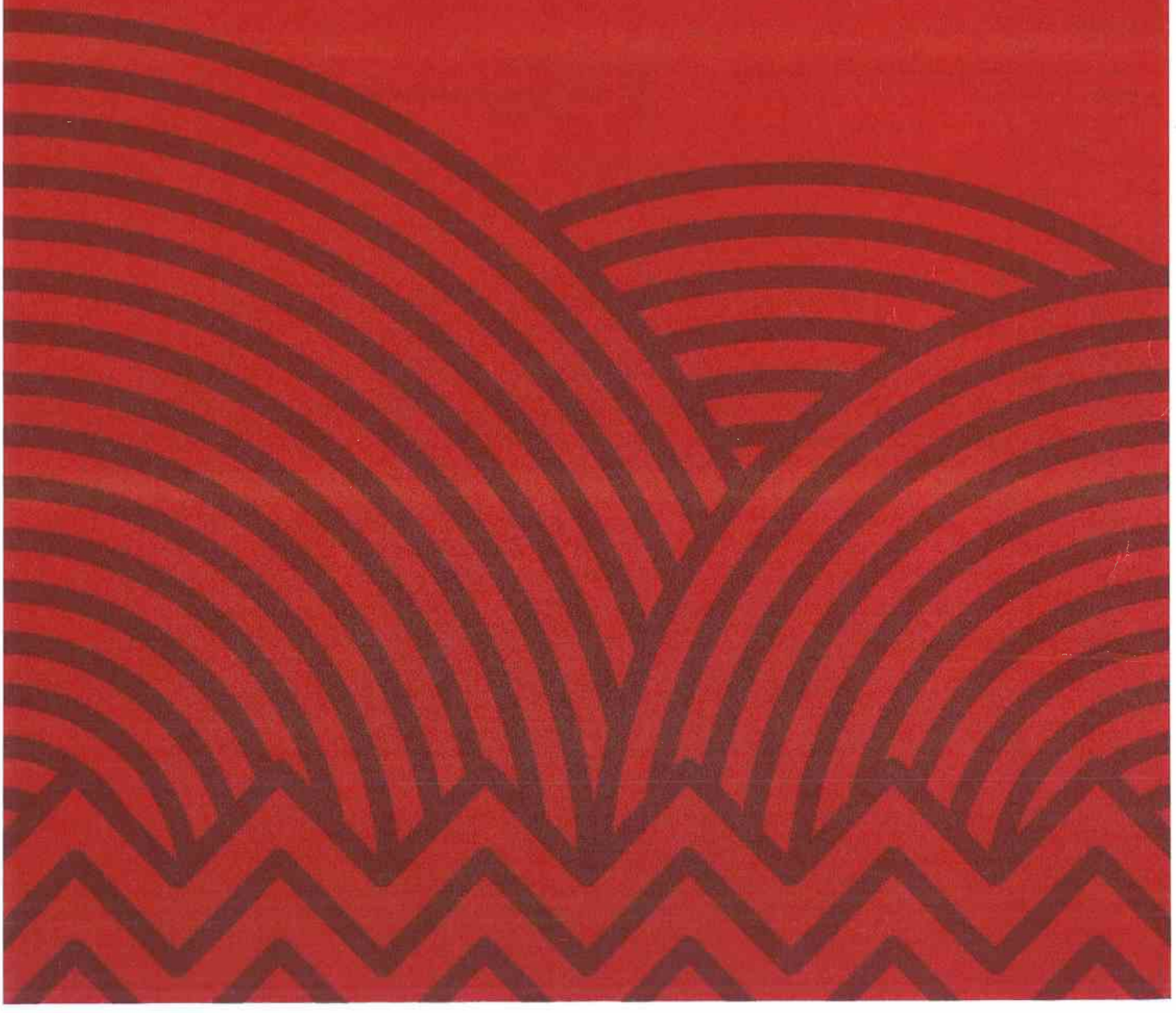
BHASVIC

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021



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 2020-21:

William Baldwin	Principal and Accounting officer
James Moncrieff	Deputy Principal (Quality and Curriculum)
Jutta Knapp	Assistant Principal (Resources)
Alison Cousens	Assistant Principal (Student Services)

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 (appointed June 2021)
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 2021

CONTENTS

page

4 Strategic Report

13 Governance Statement

22 Corporation's Statement on the College's Regularity, Propriety and Compliance with Funding body terms and conditions of funding

23 Statement of the Responsibilities of the Members of the Corporation

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

27 Statement of Comprehensive Income

28 College Statement of Changes in Reserves

29 Balance Sheet

30 Cash Flow Statement

31 Notes to the Financial Statements

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 2021

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 2021.

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

In July 2021 the College adopted a new strategic plan 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 Covid-19 pandemic has meant we have constantly had to reinvent every system and process to facilitate remote learning and working and move from onsite to remote working and learning at short notice.

Therefore, many of our long-term projects have been extended into longer timeframes as we have gone into crisis management mode and adapted our normal ways of working.

The College's key achievements during 2020-21 as a result of implementing its College Development plan are given below:

Area of Strategic Plan	Achievements 2020-21
Contemporary To be a modern college prioritising: • Sustainability and Climate Change • Digital Transformation • The Learner Journey: from Applicant to Alumni • First-class Accommodation and Resources	• We have adopted the FE Climate Roadmap, have piloted a L3 Carbon Literacy qualification and have secured bid funding to roll this out across FE Sussex. • We continue to pursue our Digital Strategy focusing on security, cloud migration and O365 functionality. • We opened a c 3,000m² £10m new building in November 2020 and this will provide much needed 21st Century teaching space
Creative To encourage creative, innovative and reflective approaches to our: • Curriculum Intent • Culture • Leadership & Governance • Income Generation	• We have adopted a Curriculum Intent document that aims to provide a broad and balanced all-round education that is built on subjects, skills, values and breadth • Our 'High Challenge, Low Threat' organisational culture remained strong through the lockdown periods and beyond as we adapt and reinvent our delivery • Leadership and Governance of the college has remained strong with high staff, student and parent satisfaction. • Income generation has suffered under Covid but we are optimistic it will recover in 2021-22.
Learning To achieve outstanding levels of performance based on: • Curriculum Implementation	• Student satisfaction remained high despite lockdowns and we developed our remote live/blended delivery exponentially, sharing practice frequently.

Strategic Report (continued)

wherever possible to see these courses maintained and provide student choice. We are investigating the new T-Levels and may make decisions within this coming academic year about including a T-Level offer in our curriculum offer.

Additional Learning Support: Our dedicated team devised a range of new systems to support students with their remote study this year – students with additional learning needs are on average more disadvantaged by the challenges of remote learning, particularly those with autistic spectrum condition and dyslexia or dyscalculia. Online one-to-one support in shorter time periods instead of whole class support has been the most important adjustment and the specialism within this team provided critical insights into effective and appropriate assessment methods to determine student final grades.

Financial results

The college generated a surplus before other gains and losses in the year of £35,000 (2019-20 deficit of £310,000), with total comprehensive income of £(120,000) (2020 £(1,833,000)).

COVID – 19 has impacted on the college's commercial income from catering, evening languages and venue hire with a resultant downturn of £379,000 when compared to budget. The college also incurred additional costs of £28,000 in respect of mass testing and increased cleanliness regime as well as requiring additional Marshalls at a cost of £126,500. We received ESFA contribution of £45,970 in respect of these costs.

The college received £126,460 under the Government's Coronavirus Job Retention Scheme for 50 catering, cleaning and other support staff who were furloughed.

Cash flows and liquidity

At £1,058,000 (2020 £361,000), 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 £84,000 covered by the operating cashflow.

Developments

The college's redevelopment involved tangible fixed asset additions during the year amounted to £2,190,000. This was split between land and buildings acquired of £1,702,000 and equipment purchased of £488,000. In the main this related to the Elms Building. The building cost £9,300,000 and replaced some modular science labs and gave us new improved performing arts facilities. The building was partly funded by a £1.5m bank loan which was drawn down in November 2020.

Reserves

The college has accumulated reserves of £2,261,000 and cash and short term investment balances of £2,419,000. 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 2020-21 the funding bodies provided 91% 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:

Strategic Report (continued)

- Commissioned the Carbon trust to compile an 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 2020 to 31 July 2021**
Energy consumption used to calculate emissions (KWh)	
Scope 1 emissions in metric tonne CO2e	
Gas consumption	179.08
Total	
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	164.62
Total gross emissions in metric tonnes CO2e	343.70
Intensity ratio	
Metric tonnes CO2e per student/FTE/staff member/floor area	0.11 / 1.13 / 0.025 tCO2e per m²

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 an "Outstanding" financial health grading with healthy cash reserves, and continues to have good support from the bank.

The college has invested recently in its facilities with a new teaching block, incorporating a theatre and music facilities as well as biology labs and general classrooms. This will enable the college to grow its provision of performing arts and meet ever increasing demand for biology. Student demand remains high and despite the new teaching block there is still pressure on the college estate.

Financial plan

The college governors approved a financial plan in July 2021 which sets objectives for the period to 2022. The college aims to maintain its health rating of 'Good' and achieve a surplus in the year to 31 July 2022. 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 2021-22 has been confirmed at £13,996,941.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place, and has no plans to increase borrowings in the short term.

Strategic Report (continued)

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 £1,500,000 for working capital as well as £500,000 for contingencies. The College has accumulated reserves of £2,261,000 (2020 £2,381,000) and cash and short- term investment balances of £2,419,000 (2020 £1,795,000).

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. Other factors besides those listed may also adversely affect the College, most notably the impact of the Coronavirus pandemic, which is mentioned below.

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 are facing 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'. However, the Coronavirus pandemic has had an impact on our finances. We have lost additional income streams with significantly reduced catering, lettings and adult evening languages revenue. The furlough Job Retention Scheme helped us to re-cover some of these costs but the additional expenditure of running a 'Covid secure' college has eroded our this. We have managed to record a reasonable surplus this year mainly down to the in-year funding of growth students above 100 additional 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 2020-21 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 are likely to be significantly 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 the pandemic leading to the cancellation of exams for the second year running, quality outcomes have been dictated by Teacher Assessed Grades whilst these have remained in line with previous high performance, the gap between our outcomes and the national average has closed considerably. It is harder to judge the quality of provision under Covid restrictions and the 'tail' of this impact may be seen for at least a couple of years. We know from admissions for 2021-22 that student numbers have held up robustly so our reputation remains unaffected.

Information Technology
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. Risk remains around cyber security although we are taking all possible steps to minimise this via staff training, cloud migration and the introduction of two-factor

Strategic Report (continued)

authentication. With a view to being a contemporary college our MIS will become a focus for development now the network is much improved.

Coronavirus
The pandemic is having an impact on all areas of society and BHASVIC is no exception. It impacts on our three overarching risks and beyond. Our finances have been hit from the reduction in revenue from additional income streams and cost of providing a Covid secure college, quality is difficult to maintain with remote/rota delivery and where centralised assessment frameworks have changed and our reputation may be impacted adversely by both a reduction in quality and/or any ill-judged responses by the college to the pandemic. The impact of this is reduced as all providers are in the same position but nevertheless we need to be vigilant to these risks.

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	Actual for 2020/21
16-19 Student numbers	2,937	3,139
Operating surplus as % of income (excl FRS 102)	≥3%	5.70%
Cash days in hand	>30	68
Current assets : current liabilities	2:1	1.62:1
Staff costs as % of income (excl FRS 102)	74%	76%
Borrowing as % of income	<45%	35%
Sector EBITDA as a % of income	≥4%	10%
Bank covenants		
Operating cash flow before taxation and interest paid to principal and interest paid	≥1.1:1	3.07:1
Total gross debt less cash to EBIDTA	<4.5:1	1.85:1
Total gross debt to net assets	<0.40:1	0.31:1
Cash held	≥£1.25m	£2.269m
Calculated indicator of financial health	Good	Outstanding

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 2020 to 31 July 2021, 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.

Strategic Report (continued)

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.

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.

a) 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.
b) 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.
c) 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.
d) 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.
e) 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 welfare email. A triage system is in place in Student Services to allocate appointments, though students can also drop into Student Services 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	£3,665
Total pay bill	£10,710,053
Percentage of pay bill spent on facility time (total cost of facility time ÷total pay bill) x 100	0.034%

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	11.37%

Governance statement (continued)

Covid 19

As reported earlier in this Report, 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 3 above. The EGC has not met in the current accounting year to 31 July 2021 and all Corporation and Committee meetings during the 2020/2021 academic year have been held virtually via M. Teams.

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 thresholder. 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 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 2021 or up until the time or 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 Boy 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.

Governance statement (continued)

The specific areas of work undertaken by the Audit Committee in 2020-2021 and up to the date of this approval of these Financial Statements are:

i) The appointment and remuneration of the internal auditors, following the resignation of Mazars in June 2020. MacIntyre Hudson were appointed in July 2021, following the recommendation of the Audit Committee. No internal audit work was carried out in the academic year 2020/2021 owing to the pandemic/lockdown and the consequential delay in appointment the successor Internal Assurance providers.

ii) Internal Audit Strategic Plan

iii) Financial Statements Audit, including the regularity audit

iv) Review of progress made on the implementation of recommendations made by the Financial Statements Auditor

v) External Audit Findings Report for the year ended 31st July 2020

vi) Performance Indicators for External Audit and reappointment

vii) Regularity Audit Framework Questionnaire

viii) External Audit Planning Memorandum for the year ended 31st July 2021, including remuneration.

ix) 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.

x) Other Matters: Covid 19 updates, strategic plan, Committee action points, Annual Report of the Audit Committee, progress with internal and external audit recommendations, Audit Committee self-assessment and review of terms of reference, Freedom of Information Publication Scheme, Disaster Recovery Plan update, Anti-Bribery Policy update, Fraud.

Covid 19
The College has considered the potential impact of Covid-19 and given the committed funding for 16-19 education, the level of cash reserves and the over enrolment for 2020-2021, the financial forecasts support that it will be able to cover costs for the foreseeable future.

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.

Governance statement (continued)

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 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2021.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets". 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 7 December 2021 and signed on its behalf by:

Sandra Prail
Chair

William Baldwin
Accounting Officer

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the funding agreement in place between the College and the ESFA. As part of its consideration the Corporation has had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm, on behalf of the Corporation, that after due enquiry and to the best of our knowledge, the Corporation believes that it is able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding under the corporation's grant funding agreement and contracts with the ESFA, or any other public funder.

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

Sandra Prail

Chair
Date: 7 December 2021

William Baldwin

Accounting Officer
Date: 7 December 2021

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, (who act as Trustees for the charitable activities of the College), are required to present audited financial statements for each financial year.

Within the terms and conditions of the Funding Agreement agreed between the ESFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction for 2020-21 and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the results for that year.

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 Member's Report, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the 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 to 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 maintenance and integrity of the BHASVIC website is the responsibility of the governing body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the 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 economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by the members of the Corporation on 7 December 2021 and signed on its behalf by:

Sandra Prail
Chair

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 2021 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).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of 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 2020 to 2021 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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.

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: 10/12/21

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
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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
1. ACCOUNTING POLICIES (continued)

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

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.

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 of 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 2021. 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.
- Impairment of fixed assets
  The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset is required. This will require an estimation of the future cash flow and selection of an appropriate discount rate in order to calculate the net present value of that cash flow.

2 Funding body grants

	2021 £'000	2020 £'000
ESFA 16-18 recurrent grant	13,324	11,598
Release of government capital grants	325	225
Other allocations	499	419
Total	**14,148**	**12,242**

3 Other grants and contracts

	2021 £'000	2020 £'000
Coronavirus job retention scheme grant	126	131

The corporation furloughed 50 catering, cleaning and other support staff under the Government's Coronavirus Job Retention Scheme. The funding of £126k relates to staff costs which are included within the staff costs note below as appropriate.

4 Other operating income

	2021 £'000	2020 £'000
Catering operations	83	155
Other income generating activities	100	255
Covid funding	46	0
Miscellaneous income	210	249
Total	**439**	**659**

The college received £46k from the ESFA as contribution to additional costs incurred due to the pandemic.

5 Investment income

	2021 £'000	2020 £'000
Investment income	-	2
Interest receivable	-	20
Total	**-**	**22**

6 Staff costs

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

	2021 No.	2020 No.
Teaching staff	175	190
Non teaching staff	130	131
	305	**321**

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	8,444	7,539
Social security costs	744	677
Other pension costs	2,459	2,133
	11,647	10,349
Restructuring costs	8	-
	11,655	**10,349**

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 Management Team, which comprises the Principal, the Deputy Principal and two Assistant Principals.

Compensation Emolumentsof Key management personnel, Accounting Officer and other higher paid

	2021	2020
The number of key management personnel including the Accounting Officer was:	4	4

6 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:

	Key Management 2021 No	Key Management 2020 No
£60,001 to £65,000	1	1
£65,001 to £70,000	-	1
£70,001 to £75,000	1	-
£75,001 to £80,000	1	1
£100,001 to £105,000	-	-
£105,001 to £110,000	-	-
£110,001 to £115,000	-	1
£115,001 to £120,000	1	-
	4	4

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

Key management personnel compensation is made up as follows:	2021 £'000	2020 £'000
Salaries	327	318
Employers National Insurance	40	38
Pension contributions	75	70
Total emoluments	**442**	**426**

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:

	2021 £'000	2020 £'000
Salaries	115	112
Employers National Insurance	14	14
Pension contributions	27	26

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.

6 Staff costs (continued)

Relationship of Principal pay and remuneration expressed as a multiple:

	2021	2020
	%	%
Principal basic salary as a multiple of the median of all staff	3.04	3.15
Principal total remuneration as a multiple of the median of all staff	3.14	3.16

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.

7 Other operating expenses

	2021	2020
	£'000	£'000
Teaching costs	287	337
Non teaching costs	1,104	1,321
Premises costs	577	557
Total	**1,968**	**2,215**

(Deficit) before tax is stated after charging:	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	30	18
Teachers pension audit	2	2
Internal audit	2	5
Hire of other assets – operating leases	104	104

8 Interest payable

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans	78	66
	78	66
Interest on finance leases	6	7
Pension finance costs (note 19)	78	82
Total	**162**	**155**

9 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.

10a Tangible fixed assets

	Freehold Property	Assets in course of construction	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	17,843	7,615	1,643	27,101
Additions	-	1,702	488	2,190
Disposals	(434)	-	-	(434)
Transfer	9,317	(9,317)	-	-
At 31 July 2021	**26,726**	**-**	**2,131**	**28,857**
Depreciation				
At 1 August 2020	7,405	-	1,281	8,686
Charge for the year	682	-	211	893
Disposals	(261)	-	-	(261)
At 31 July 2021	**7,826**	**-**	**1,492**	**9,318**
Net book value at 31 July 2021	**18,900**	**-**	**639**	**19,539**
Net book value at 31 July 2020	10,438	7,615	362	18,415

Land and buildings with a net book value of 15,598,211 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 £35.699 (2020 £42,289 in respect of assets held under finance lease).

10b Investments

	2021	2020
	£'000	£'000
Listed investments	84	79
Unlisted investments	66	56
	150	**135**

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.

11 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Other debtors	93	80
Prepayments and accrued income	383	448
Total	**476**	**528**

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans and overdrafts	279	217
Obligations under finance lease	10	8
Other loans	27	28
Payments received in advance	72	129
Trade creditors	307	553
Other taxation and social security	198	183
Other creditors and accruals	999	796
Deferred income - government capital	325	325
Total	**2,217**	**2,239**

13 Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Bank loans	4,598	3,377
Obligations under finance lease	24	36
Other loans	81	107
Deferred income - government capital	6,681	6,806
Total	**11,384**	**10,326**

14 Borrowings

Bank loans are repayable as follows:

	2021 £'000	2020 £'000
In one year or less or on demand	279	217
Between one and two years	306	199
Between two and five years	917	596
In five years or more	3,375	2,582
Total	**4,877**	**3,594**

The College drew down a loan of £300,000 in July 2006. This is floating at 1.0% over LIBOR payable by instalments between October 2006 and June 2021. The amount outstanding at 31 July 2021 is £nil
The College drew down a loan of £4.2m in 2016. The interest rate is fixed at 1.96% for 5 years payable by instalments between October 2016 and June 2039. The amount outstanding at 31 July 2021 is £3,377,027.
The College drew down a loan of £1.5m in 2020. The interest rate is fixed at 1.96% for 5 years payable by instalments between October 2021 and June 2039. The amount outstanding at 31 July 2021 is £1,500,000.

The net finance lease obligations to which the college is committed are:	2021 £'000	2020 £'000
In one year or less	10	8
Between two and five years	24	36
Total	**34**	**44**

15 Provisions

	Defined benefit obligations £'000
At 1 August 2020	(5,796)
Expenditure in the period	(78)
Transferred to income and expenditure account	(699)
At 31 July 2021	**(6,573)**

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

16 Cash and cash equivalents

	At 1 August 2020 £'000	Cashflows £'000	Other Changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	1,660	609		2,269
	1,660	**609**	**-**	**2,269**
Debt due within 1 year	(245)	61		(184)
Debt due after 1 year	(3,484)	183	(1,500)	(4,801)
Finance leases	(44)	10		(34)
Current asset investments	135		15	150
Total	**(1,978)**	**863**	**(1,485)**	**(2,600)**

17 Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	-	1,655

There were no capital commitements at the year end.

18 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.

Total pension cost for the year		**2021 £'000**		**2020 £'000**
Teachers Pension Scheme: contributions paid		1,295		1,123
Local Government Pension Scheme:				
Contributions paid	469		421	
FRS 102 charge	692		589	
Charge to the Statement of Comprehensive Income		1,161		1,010
Total Pension Cost for Year within staff costs		**2,456**		**2,133**

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 £204,520 (2020 £189,151) at the end of the financial year.

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 contributins 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 investements 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 adminstration 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.

18 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 2019-20 academic year.

A full copy of the valuation report and supportng documentation can be found on the Teacher's Pension Scheme website

The pension costs paid to TPS in the year amounted to £1,295,000 (2020: £1,165,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds adminstered by East Sussex County Council . The total contribution made for the year ended 31 July 2021 was £619,000 of which employer's contributions totalled £469,000 and employees' contributions totalled £150,000. 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	**At 31 July 2021**	**At 31 July 2020**
Rate of increase in salaries	2.85%	2.10%
Rate of increase for pensions in payment / inflation	2.85%	2.10%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.85%	2.10%
Commutation of pensions to lump sums pre April 2008	50%	50%
Commutation of pensions to lump sums post April 2008	75%	75%

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

	At 31 July 2021	**At 31 July 2020**
Retiring today		
Males	21.20	21.60
Females	23.70	23.90
Retiring in 20 years		
Males	22.00	22.50
Females	25.10	25.30

18 Retirement benefits (continued)
Local Government Pension Scheme (Continued)

McCloud Judgement (Public service pensions age discrimination case) - a recent ruling by the Supreme Court has denied the Government's right to appeal the McCloud judgement and an estimate of the impact of that has been included within these financial statements as a past service cost. An 'adjustment factor' based on the Government Actuary's Department's figure of 3.2% per the issued report of June 2019, but reflecting the East Sussex Pension Fund's withdrawal, promotional and inflationary salary increase assumptions, has been included. The Actuary has not made any other adjustments to reflect potential differences from the scheme split between pre 2014 and post 2014 active liabilities. This 'adjustment factor' has been applied based on the employer's proportion of active liabilities.

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 2021	Value at 31 July 2020
	£'000	£'000
Equities	8,449	6,978
Bonds	1,890	1,721
Property	824	765
Cash	222	96
Total market value of assets	**11,385**	**9,560**
Actual return on plan assets	1,381	(300)

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

	2021	2020
	£'000	£'000
Fair value of plan assets	11,385	9,560
Present value of plan liabilities	(17,958)	(15,356)
Net pensions liability	**(6,573)**	**(5,796)**

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

	2021	2020
	£'000	£'000
Current and past service costs	1,161	1,010
Net interest on the defined benefit pension liability	78	82
	1,239	**1,092**

Amounts included in Other Comprehensive Income

	2021	2020
	£'000	£'000
Return on pension plan assets	1,244	(504)
Changes in demographic assumprtions	294	116
Changes in assumptions underlying the present value of plan liabilities	(1,805)	(1,157)
Other experiences	270	11
Amount recognised in Other Comprehensive Income	3	(1,534)

18 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined liability during the year

	2021 £'000	2020 £'000
Deficit in scheme at 1 August	(5,796)	(3,591)
Movement in year:		
Current service cost	(1,161)	(1,010)
Employer contributions	469	421
Administration expenses	(10)	-
Net interest/return on assets	(78)	(82)
Actuarial gain or loss	3	(1,534)
Deficit in scheme at 31 July	**(6,573)**	**(5,796)**

Asset and Liability Reconciliation

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	15,356	13,100
Service cost	1,161	1,010
Interest cost	215	286
Contributions by Scheme participants	147	135
Changes in demographic assumptions	(294)	(116)
Changes in financial assumptions	1,805	1,157
Other experience	(270)	(11)
Estimated benefits paid	(162)	(205)
Defined benefit obligations at end of period	**17,958**	**15,356**
Reconciliation of Assets		
Fair value of assets at start of period	9,560	9,509
Interest on plan assets	137	204
Return on plan assets	1,244	(504)
Administration expenses	(10)	-
Employer contributions	469	421
Contributions by Scheme participants	147	135
Estimated benefits paid	(162)	(205)
Fair value of assets at end of period	**11,385**	**9,560**

The estimated value of employer contributions for the year ended 31st July 2022 is £471,000

19 Contingencies

There are no contingencies at the year end.

20 Post balance sheet events

There are no post balance sheet events.

21 Financial Commitments

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

	2021 £'000	2020 £'000
Future minimum lease payments due		
Expiring within one year	16	19
Expiring within two and five years inclusive	30	19
	46	**38**

22 Related party transactions

The total expenses paid to or on behalf of the Governors during the year was £13; 1 governor (2020: £481; 1 governor). This represents annual DBS renewal.

One of our Governors is a Director of an IT firm who supply the college with IT network solutions.He is not involved in any element of agreeing requirements, creating the solution or pricing.
The amount paid in 2021 was £21,498 (2020:£101,164)

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 EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 9 November 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or 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 2020 to 31 July 2021 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 2020 to 31 July 2021 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. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA has other assurance arrangements in place.

We are independent of 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 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 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.

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

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Date: 10/12/21