

SELBY COLLEGE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key management personnel

Key management personnel are defined as members of the College Management Team and were the following in 2020/21:

Phil Sayles – Principal and CEO
Liz Ridley - Deputy Principal
Steve Fowler – Director of Curriculum Operations
Sue Martin-Standley – Vice Principal, Learning & Quality – from 25th January 2021
Pam Olbison – Director of Finance
Linda Tebb – Director of Marketing & Student Experience to 18th February 2021
Alison Whale – HR Manager

Board of Governors

A full list of Governors is given on pages 18 to 19 of these financial statements.
Antonia Praud, Director of Governance acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

Internal Auditor: AuditOne
Crosskill House
Mill Lane
Beverley
HU17 9JB

Solicitors:	Rollits LLP Citadel House 58 High Street HULL HU1 1QE	Walker Morris LLP 33 Wellington Street Leeds LS1 4DL
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Contents

	Page number
Report of the Governing Body	3-16
Statement of Corporate Governance and Internal Control	17-30
Governing Body's Statement on the College's Regularity, Propriety and Compliance with Funding Body terms and conditions of funding	31
Statement of Responsibilities of the Members of the Corporation	32
Independent Auditor's Report to the Members of the Corporation	33-35
Consolidated and College Statement of Comprehensive Income	36
Consolidated and College Balance Sheets as at 31 July	37
Consolidated and College Statement of Changes in Reserves	38
Consolidated Statement of Cash Flows	39
Notes to the Financial Statements	40-58
Independent Reporting Accountant's Report on Regularity to the Corporation of Selby College and The Secretary of State for Education Acting Through the Education and Skills Funding Agency	

REPORT OF THE GOVERNING BODY

Nature, objectives and strategies

The members present their report and the audited financial statements 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 Selby College (the College). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The College Mission

The College's mission as approved by its members in July 2021 is:

Make a positive difference to people's lives through education, skills and training to help them achieve their full potential.

COVID-19:

During the response to the pandemic from lockdown and into the current academic year the College has placed students and safety at the heart of all of its decision making, to ensure no students were disproportionately disadvantaged due to the pandemic.

The whole College has worked to ensure the staff and resources needed to enable safe and meaningful education have been in place for students for the whole of the academic returning in September. This has enabled us to maximise learning on site and minimise the amount of remote learning especially for those students on practical courses. This has inevitably been costly, but again fits with our mission and values.

For the academic year 2020/21 the College made a decision to maximise on-site learning but ensure that appropriate remote learning system and platforms were available to facilitate students or teachers needing to self isolate.

During 2020/21 the college purchased a significant number of Chrome Books from the Bursary fund to ensure the learners in low income households were able to have a loan device. In addition to this the College was granted a significant number of Chrome devices from the Department for Education for the same purpose.

Public Benefit

Selby College is an exempt charity under Part 3 of the Charities Act 2011 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 18 to 19.

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

Selby College is committed to adding value and enriching the social, economic and physical well-being of the community we serve. The needs of the locality are considered in the board's decision making and reflected in the college vision – to be the area's first choice for education, skills and training.

We understand the large significance of the services we provide to individuals, businesses and groups, and this shapes everything we do. We recognise the importance of individual excellence and personal accountability. We embrace diversity, curiosity, respect and responsibility.

We act with integrity and we collaborate wherever possible, aligning ourselves with others and sharing knowledge and resources to create new opportunities. People are at the very heart of how we organise and utilise our resources. We empower our learners and aim to transform their lives by raising their aspirations and encouraging and supporting them to achieve to their very best. In doing so, we provide a catalyst for sustainable economic growth and prosperity.

The delivery of public benefit is also covered extensively throughout the Report of the Governing Body.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of Strategy

Selby College adopted a new strategy for the period 2020-21 in June 2020.

The College Vision

- To be our area's first choice for education, skills and training

Key Strategic Goals:

- To work collaboratively and positively in our area to:
 - Promote aspiration, opportunity and the most ambitious outcomes possible for our students
 - Increase success, happiness, social mobility, inclusion and cohesion in our communities
 - Play our part in the wellbeing and safety of our students
 - Develop further our positive working relationships with local schools to open up the full range of opportunities for young people
- To work collaboratively and positively in the locality and region:
 - With councils, Local Enterprise Partnerships and other organisations, to draw in funding and other benefits for the college, our students and our area
 - With employers of all sizes, to support their skills needs, create benefits for our learners and create partnerships which can promote education, skills and career routes
- To use and develop the resources we have in the best way to deliver the most effective and relevant education.

Corporate Values

- Put students first
- Pursue excellence
- Deliver an education offer that is inclusive
- Act with integrity, honesty and respect
- Work with drive, passion and determination
- Use resources wisely and fairly
- Take responsibility for our actions

The College's specific financial objectives for 2020/2021 included:

- Ensure all areas of college take responsibility for contributing positively to college overheads and costs
- Seek to increase and maximise all income sources
- Maintain excellent value for money in all college services
- Ensure robust financial controls by stringent risk management.

Progress has been made towards achieving these objectives. Curriculum and income generating activities have been reviewed to match against staff and resource delivery requirements. The successful Institute of Technology bid was made during 2018/19 has assisted in securing future income and was completed during 2020/21. Risk management and risk monitoring processes continued to be strong and have facilitated rigorous review and risk rating. All identified Covid 19 pandemic risks are now included in the main risk register. Student numbers for 2020/21 were maintained, securing funding income for the next financial year of 2021/22 with a small growth in Higher Education income.

The financial objectives for 2020/21 to ensure financial viability included:

- Protect the annual surplus (Achieve a balanced budget in each of the next three years and invest in the property strategy to promote diversification and growth)
- Increase income and diversify income sources
- Ensure robust financial controls and stringent risk management and maintain a sound financial base (solvency and liquidity)
- Seek to increase value for money in procurement and support functions.

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance indicators

Key performance indicator	Measure/Target	Actual for 2020/21
Operating surplus/sector EBITDA as % of income	4.67%	7.55%
Staff costs as % of income	66.69%	73.04%
Cash days in hand	47.83	110
Cash days in hand/liquidity (adjusted current ratio)	1.40	2.12
Borrowing as % of income	9.21%	9.53%
Income used in ratio analysis	£9,909	£9,661
Financial Health Score	Good	Outstanding

The target of achieving Good has been both achieved and exceeded by delivering an outturn of 'Outstanding' Financial Health. This has been secured through increasing operating surplus from the original and updated predicted financial forecast. Cash balances have been increased by the sale of the four remaining investment properties and some of the secured bank loan debt has been repaid resulting in improved balance sheet strength, prior to the FRS102 pension deficit adjustment. The original strategic plan aim was to retain to 'Good' financial health score as a minimum by the end of the 2021 financial year and has been successfully achieved.

An annual surplus well ahead of budget was achieved in 2020/21 before adjustments for FRS 102 section 28 pension notional costs. Strategic plans are in place to ensure that future financial plan key performance indicators are achieved.

Income has continued to be impacted by the Covid-19 pandemic during the financial year. Management actions have been continued to address the shortfall by decreasing the operating cost base and securing savings.

Selby College is part of a successful Institute of Technology bid which forms an integral element of our income growth and diversification strategy. Investment relating to this bid has benefited learners in the current financial year ended 31 July 2021.

Risk Management has been a thorough and robust process. An additional risk register containing specific Covid-19 risks was developed and implemented during the previous financial year and this is now encompassed in the main risk register. This has continued to provide an enhanced risk monitoring system to strengthen existing arrangements.

Various strategies were deployed to increase cash in 2020/21 including sale of the four investment properties to repay bank loan debt and add to cash reserves, along with increasing value for money in procurement, by dedicated purchase specialists in areas and sharing of some administrative costs with Selby Educational Trust. A subsidiary company, Supporting Futures Selby Ltd, is reducing the on costs of some staff roles.

The Corporation previously moved to an enhanced Strategic Key Performance Indicator report in 2019/20, which linked to the Strategic Plan and continues to enable members to have a clear oversight of a number of measures that contributed to the Key Strategic Aims.

Financial position

Financial results

The Group generated an operating surplus before FRS102 Local Government Pension Scheme (LGPS) pension expenditure in the year of £324k (2019/20: deficit of £581k).

The Group generated a small operating deficit after the LGPS pension expenditure in the year of £249k (2020: surplus in the year of £244k).

The Group has unrestricted reserves of £6,460k and cash balances of £2,738k.

The total comprehensive income for the year attributable to the Corporation of the College is represented by £2,222k surplus (2020: deficit of £2,639k) due to the pension scheme valuation.

Tangible fixed asset additions during the year amounted to £1,177k of equipment purchases.

REPORT OF THE GOVERNING BODY (CONTINUED)

Financial results (continued)

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 79% of the College's total income.

COVID-19:

Funding income continued to be impacted by the Covid-19 pandemic both in the areas of Apprenticeships and the Adult Education Budget. The College received £20k as Covid supplier relief funding during 2020/21. The Adult Education budget was confirmed as having no clawback, since Selby College has delivered education above the required 90% threshold, so the non-procured element of this was secure. Procured Adult delivery represented £40k of income. The College suffered shortfalls in apprenticeship funding; the procured Adult Education Budget, and commercial income.

A small proportion of our staff, who could not undertake their role from home were furloughed. This resulted in the receipt of £36k funding from the HMRC to help with their pay costs (£33k 2019/20). The College funded 100% of their salary cost.

Selby College has the competitive advantage of being able to act rapidly to risks and the ability to make considerable resulted in our ability to deliver an operating surplus for the year prior to the notional FRS102 Local Government Pension adjustment.

The valuation of the defined benefit pension liability has had a significant impact on the balance sheet increasing the net balance from £4,238k to £6,460k in year ended 31 July 2021.

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 this is reviewed on an annual basis by the Corporation.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Cash flows

The £1,452k cash inflow from operating activities before movements in working capital (2019/20 inflow £1,590k) is a positive and robust inflow.

COVID-19

The College did not require any cash flow support from the ESFA or other funders, due to our careful cash monitoring and management. The sale of the four investment properties also assisted our cash flow and there was no requirement for any bank overdraft facility during the financial year ended 31 July 2021.

Liquidity

The College has secured loans amounting to £919k outstanding at the year end, which were arranged to help finance the previous Academy and Renaissance redevelopment, replacing a number of old-style buildings. Further secured borrowings of £500k were entered in to during 2017/18 to part-finance the 50% grants funded LEP Aspiration Building development. These latest borrowings have now been fully repaid from the proceeds of the investment properties.

The size of the College's total borrowing and its approach to interest rates have been calculated to ensure a reasonable cushion between the operating cash flow and total cost of servicing debt. During the year this margin was comfortably exceeded.

During the year, the four remaining College investment properties had been sold, repaying part of the bank loan variable rate debt.

REPORT OF THE GOVERNING BODY (CONTINUED)

COVID 19

Through robust budget re-forecasting and careful management of our College cash reserves, the College was able to outturn substantially ahead of the annual budget target. The College has received funds of £28k in respect of the Government required Covid-19 student testing station which needed to be established. These covered the additional staffing and equipment costs to undertake the exercise. The College also incurred additional PPE and Covid 10 related expenditure of £15k to maintain a robust safe environment.

Reserves Policy

Incoming resources have been used during the year for their intended purpose as detailed in the notes of the Financial Statements.

The unrestricted reserves, excluding the FRS102 notional funding deficit on the defined benefit pension plan for non-teaching staff were £10.031m at 31 July 2021 (2020: £9.707m). The unrestricted reserves excluding the FRS102 notional funding deficit have been maintained at well above the required policy level £1.5m.

The Governors also consider that access to liquidity is a priority, and that the future College cash flows require a robust prediction of its income levels. The Governors have set a minimum level for liquid assets of £1m (defined as cash at bank and in hand and deposit investments with a maturity of less than one year), equivalent to approximately six weeks' expenditure. Cash days have been maintained at 30 days or more at all times, during the financial year to protect against financial risk. This position was assisted by the sale of the four remaining College investment properties.

The need for day-to-day working capital is met by careful management of short-term liquid resources. The Governors consider that free unrestricted reserves of approximately £2.5m, equivalent to some twelve weeks' expenditure, would be desirable. Although this has been achieved at 31 July 2021, there is a need for continuing investment in the College, and the maintenance of this level of free reserves is likely to remain a long-term objective. In recognition of this, the policy is to create free reserves out of operating surpluses once all bank debt has been repaid, whilst also recognising the need for targeted capital expenditure and sufficient capital funds to provide for both current and future projects.

At 31 July 2021 the total unrestricted reserves, after allowing for the implications of FRS102, were £6.460m (2020: £4.238m). Total unrestricted reserves as shown in the financial statements include a funding deficit of £3.571m (2020: £5.469m) calculated under FRS 102 in respect of the defined benefit pension plan for the College's non-teaching staff. The Governors believe that this funding calculation, which can vary considerably between surplus and deficit according to the assumptions used and market valuations at each period-end, has no material effect on the College's cash flows in the short term, but that, in the longer term, its effects might prove challenging. The FRS102 local government pension valuations, is a national issue and continues to have an impact on the entire education sector.

Reserves are monitored closely through our stringent risk management processes to protect against the risk of any fall in student numbers and we use resources to promote our achievements, excellent facilities which are continually invested in and the great destinations secured by our students.

The Reserves Policy is reviewed on an annual basis and the Governors believe that the level of unrestricted reserves is adequate to cover the purposes for which they are intended. The Group's reserves policy is reviewed annually, with no change made to the Reserves policy, and the Governors consider it appropriate for the financial statements to be prepared on a going concern basis.

Student numbers

During the academic year 2020/21 we educated 1,022 16-19 year-old students who were funded via the Education and Skills Funding Agency on study programmes. In addition, we had a further 215 16-18 Apprentices studying with us, taking the total number of 16-19 young people educated with us to 1,237. On top of that, we had 336 Apprentices over the age of 19. There were 1,404 Adults, the vast majority on part time courses funded via the Adult Education Skills Budget. Most of the Adult learners completed their programme through the College's successful distance learning offer. We also had 214 Higher Education students funded via a range of sources including loans, higher apprenticeships and employer sponsored.

REPORT OF THE GOVERNING BODY (CONTINUED)

Student retention and achievement data

Prior to lockdown both in year retention and attendance had improved compared to the previous year. Once lockdown occurred the college had very few withdrawals from any of its programmes, although a number of apprentices were placed on furlough and a handful were temporarily suspended from learning by their employer.

The curriculum teams made effective use of the tuition catch up fund allocated to the college. Of the learners who were supported over 97% achieved their qualification who would not have done so without the extra support received. The results for academic and vocational qualifications were issued earlier than usual in August following a robust methodology using teacher assessed grades (TAG). The overall college retention increased by 5% on the previous year to 90.2% and achievement of classroom based learners increased to 86.0%. Apprenticeship achievement declined compared to previous years as a result of learners being carried forward past their end date as a result of restrictions related to Covid 19.

Curriculum developments

The College undertook an extensive curriculum review, planning and costing exercise during 2020/21 which was continued during the lockdown. The curriculum review ensured the offer is aligned to local skills needs which will support the future employment needs of the area and recovery of the economy coming out of the pandemic restrictions. Three new Curriculum Managers were appointed to improve localised leadership and decision making. The level one curriculum was totally re-designed with a new staff team providing a more appropriate offer to support progression to next steps. In addition a number of Higher Education and Access courses were developed or revalidated to ensure contemporary content and a demand led offer.

The Introduction of a new Digital Learning Strategy, enabled students to continue to engage with their learning. A Learning Review Audit complimented the approach and delivery from the curriculum team.

Quality and Financial Assurance

During December 2017 the College was inspected by OFSTED. The results of the inspection led to a Good grading for all aspects of provision.

The College has a robust quality assurance process in place providing assurance that learners receive a positive experience leading to successful outcomes. Quality improvement is embedded within curriculum teams and supported by senior leaders who have engendered a coaching culture.

The College successfully joined the Office for Students in November 2018 and was also successful in retaining our position on the Register of Apprenticeship Providers.

Physical developments

The College commenced its Institute of Technology capital redesign and equipment procurement and also developed a Pathways Centre for our Level 1 and Entry Provision. Other plans and developments were either placed on hold, or progressed more slowly due to the impact of Covid-19 pandemic and will be revisited in 2021/22.

Selby Education Trust

The College welcomed its first school into the Selby Educational Trust ("The SET") in December 2017, with the conversion of Selby Community Primary School. In January 2021, Carlton Primary School became the second school to convert to an academy and join the trust. The SET continues to seek additional schools to join the trust.

Future developments

During the year, the corporation initiated a Structure and Prospects Appraisal process (SPA) to explore whether seeking a merger would be a viable strategy to secure the long-term capabilities and capacity of the College, due to its small size. The governing body have agreed to a merger with Wakefield College on 1 March 2022. On this date the College will transfer its activity, assets and liabilities to Wakefield College and at the same time the College will dissolve.

REPORT OF THE GOVERNING BODY (CONTINUED)

Future developments (continued)

In terms of meeting current and future needs, Selby College is highly regarded by Selby District Council for its responsiveness and role in economic development, meeting the needs of local people and employers alike. It has made changes in curriculum to match LEP priorities for age 16-19 provision and apprenticeships and has grown this in business administration and law, construction, computing and IT and science and maths. The college offers apprenticeships, and higher education pathways to level 6.

The College will continue to focus on 16-18 full time provision, as the core element of its income and student numbers, whilst seeking to maximise and grow Apprenticeship, Adult and Higher Education income. It is anticipated that apprenticeship growth will be challenging over the next couple of years, as businesses make economic decisions to respond to the recession and effects of the global pandemic on consumer behaviour. The College will use all its links and partnerships to ensure it swiftly develops the offer that is needed.

A comprehensive adult offer is being designed to enable the College to support young people and adults who will need to re-train and /or upskill as unemployment rises and the nature of the jobs market changes.

The College is part of the Yorkshire and Humber Institute of Technology Ltd., with York College as the lead partner and liaison with the DfE, which has seen capital investment and curriculum growth in digital manufacturing processes to support the Fourth Industrial Revolution (Digital Automation).

During 2020/21 the college worked to develop a strategic relationship with Drax Power to support longer term planning and investment in skills and knowledge to drive a carbon zero future. This will be an ongoing partnership. We also delivered a first apprenticeship cohort for Siemens Mobility.

The college is also preparing to launch it's first T Levels from September 2022.

Employer Engagement – A Key Strategic Objective

The College has identified Apprenticeships (levy and non-levy) as being of key strategic importance to its growth strategy. To this end work has been undertaken to enhance the current sales / business development team and practices. In response to the continuing Covid 19 Pandemic situation, the College has successfully secured further ESFA Provider Supplier Relief funding for the Adult Education funding and Apprenticeships funding to support risk mitigation of potential income shortfalls.

Staff and student involvement

The College uses a variety of methods to communicate effectively with staff and students and ensure a 2-way dialogue. These have included:

- College Improvement Group of frontline staff, with the Principal
- Principal's Talks to Staff, where the Principal updates staff on college issues on a half-termly basis
- Staff Communications Hub, a repository of staff information including presentations from Principal's Talks to Staff; Staff Briefs and feedback from College Improvement Group meetings
- Student Voice Group.
- The introduction of weekly college bulletins to all staff.

REPORT OF THE GOVERNING BODY (CONTINUED)

Resources

Overall staff numbers were 212 including teaching staff of 86.

Student numbers were a total of 3,243 and consist of the following learner types:-

16-19 Funded Learners:

Adult Education Budget Funded Learners:

Apprentices:

Higher Education:

Full Cost:

Key financial assets held by the corporation at the year end consist of net assets of £10.031m excluding the local government pension liability of £3.571m deficit. Cash balances at the financial year end are £2.738m.

The main tangible assets held by the corporation at the year-end are the Selby College campus buildings located at our Abbot's Road premises. Other assets previously owned are the remaining four investment properties, which were sold during the financial year ended 31 July 2021.

The College has a strong local and regional reputation and works extensively to maintain this. We work closely with our local authorities, LEPs and economic development departments on cross organisation initiatives to support work, life and education.

The college has a very strong reputation for Engineering and this has allowed the college to land two strategically significant partnerships that will launch at the start of the 20/21 academic year. The first is with Siemens to train its new apprentices for the train manufacturing centre being built in Goole. The second is with Drax who will be the main sponsor for Selby College over the next 5 years and securing £180,000 of investment over this period.

Financial

The College has £6.460m of net assets (including £3.571m pension liability) and long term debt of £0.757m (2020: £1.095m).

Reputation

The College maintained a good reputation in the local area, however competition for 16-18 year old learners is fierce and our key competitors are New College Pontefract, York and Wyke. Work continues to be ongoing with the schools to improve the College's reputation, however Covid significantly impacted our ability to undertake much proactive work with year 11 leavers. Word of mouth is a key communication tool and it is therefore why one of our key aims is to promote our good news stories, achievements, excellent facilities and great destinations for our students.

REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties

COVID-19:

The principal risks and uncertainties are sensitive to Covid-19 related matters. An additional Covid-19 specific risk register was developed to assist the College in mitigating these diverse and rapidly changing risks during the previous financial year at the outset of the Covid 19 pandemic. These risks are now fully integrated in the main risk register to support monitoring purposes by the Risk Management Group.

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic development plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific actions to mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any newly emerging risks throughout the year including those in any new areas of work being undertaken. Reports from the Risk management Group are share with the Audit Committee.

A combined risk register/action plan is maintained at the College level which is regularly monitored and updated, and is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent grading system.

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

1. Student Numbers and Competition

The College has considerable reliance on its 16-19 students and the income they generate which is paid on profile. Whilst this funding is lagged and therefore guaranteed in year, the ongoing decline in demographics for this age group is predicted to continue. This continues to cause significant levels of competition in the market. The last four years have seen significant incursion into the College's recruitment area by two Sixth Form Colleges to the west and east of Selby. Both of these establishments have been providing heavily subsidised contract buses running through and out of Selby and the surrounding area.

As more of the College funding moves to payments in arrears, the monthly guaranteed cash flow from the 16-19 classroom students is essential. The lagged approach to funding, whilst stabilising during the demographic down turn, will present financial pressures as the College seeks to grow, with the requirement to carry any investment and growth for up to 18 months prior to the lagged funding catching up.

These risks are mitigated in a number of ways:

- Targeted marketing and branding around Sixth Form messages
- Increasing the range of marketing avenues –social media, bus and radio
- Increased focus on schools liaison and student recruitment
- Relaunch of the Horizon programme
- Ongoing investment in Construction and Engineering linked to LEP growth plans
- Ongoing curriculum reviews for a competitive edge.

REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

2. Government and Contracted Funding

The College also has considerable reliance on continued government funding through the Further and Higher Education sector funding bodies. Per capita funding has been static for 19+ learners with only 1 year of growth for 16-18 year learners which is not expected to be repeated in the near future. Pay and non-pay costs are rising and predicted to rise more rapidly in the future, there is acute pressure where there is little more efficiency savings to be found after this prolonged period.

The changes to Apprenticeship funding and the introduction of the levy and the apprenticeships service has caused a number of alterations and challenges for the College, especially with cash flow and the very significant changes to starts within 19+ work. The impact of Covid saw apprenticeship starts for both 16-19 and 19+ apprentices significantly diminish in September 2020, this was due to a combination of apprentices unable to complete in the previous year due to lockdowns, some apprentices being placed on furlough due the nature of the industry and a risk averse approach from some employers being unwilling to either increase the cost base or introduce new employees to the work environment.

The College has pro-actively sought to increase and develop its Higher Education offer in order to provide high quality Higher Education to young people and adults who might not otherwise participate. This aspect of delivery has now become essential to the College's future with it being one of the few areas that can be both grown and also where per capita income can be increased to keep pace with costs and quality. HE income now accounts for over 10% of the College income. The College also saw significant growth in its access programmes in September 2020.

These risks are mitigated in a number of ways:

- Carefully planned and modelled apprenticeship funding and budget information including mitigating up to 25% of the planned income in the budget modelling
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Targeting growth in apprenticeships, HE and higher apprenticeships
- The College is working with its three neighbouring LEs and local and regional industry and organisations, and is developing its reputation specifically to meet employer and community needs
- Funding is derived through a number of direct and indirect contractual arrangements
- The formation of Selby Educational Trust which provided Academy sponsorship opportunities within Selby District as a result of government policy for schools; this presents opportunities for the provision of central services funded through top-slicing funding provided at actual cost.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

The risk is mitigated by an agreed deficit recovery plan with the North Yorkshire Local Government Pension Scheme. The latest triennial scheme valuation undertaken did not require any further lump sum repayments of the deficit.

REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

4. Failure to maintain the financial viability of the College

The College had the objective of a status 'good' financial health assessment. Applying the ESFA methodology to the financial position of the College resulted in the rating of Outstanding' for the financial year 2019-20 which is primarily a result of its low Earnings Before Interest Tax and Depreciation (EBITDA) position and increased cash position driven by the sale of the four remaining College investment properties during the year.

The College has secured an outstanding health status for 2021-22, however, the position is not considered sustainable for a further financial year due to savings made during 2021/22, which will materialise as costs in 2021/22 to continue investment in learners and remote ways of delivering the curriculum. The College is continuing to take steps to reduce its operational costs and develop income streams growth including through HE course delivery.

- Tracking variable income and reacting to shortfalls
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies
- Contingencies – continued savings
- Budget building, challenge and validation processes.

5. Reputation Risk from merger activities or if merger progress stalls

The college embarked in a thorough governor led SPA process, and engaged the FEC to provide advice and benchmarking on the best suitable partners for a future college merger. The college aim is to secure the best future for educational provision for the region in the future, and the option to remain as a stand alone college was and is a viable option, in the short to medium term.

At all stages, the college has communicated with stakeholders and had communication and plans if a delay, or breakdown, occurred at any stage of the process.

6. Reduction in Adult Education Delivery and potential clawback from the ESFA

Covid presented challenges and opportunities for enrolments on Adult Education courses. Some provision in the year moved to being online, which meant there were a higher level of providers competing for students. Financially there was a risk that the inability to deliver sufficient learning to generate the planned AEB income, may lead to the double hit of clawback and loss of contribution

The college obtained the services of a learner find company and had regular review meetings to react to changes in enrolment rates. The ESFA confirmed the clawback would impact colleges achieving less than 90% take up against their levy. The college comfortably achieved in excess of this.

Stakeholder relationships

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

- Students;
- Staff;
- Education Skills Funding Agency;
- Bank;
- Office for Students;
- FE Commissioner;
- Local employers and regional employers (with specific links);
- Local Authorities;
- Government Departments, LEPs;
- The local community;
- Other FE institutions;
- Schools;
- Partner organisations;
- Trade unions;
- Professional bodies.

REPORT OF THE GOVERNING BODY (CONTINUED)

Stakeholder relationships (continued)

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

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

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
1	1

There was one relevant union official during the period, however there was no requirement for the official to be engaged in facility time or paid trade union activities.

Percentage of pay bill spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£6,339k
Percentage of total bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0
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Equality and diversity

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy is published on the College's Intranet site.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. 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, as far as possible, provide identical opportunities to those of non-disabled employees.

The corporate induction encompasses information about Equality and Diversity refresher training is carried out on an ongoing basis.

Governors complete an Equality and Diversity questionnaire annually and it was a factor considered by the Search Committee in the recruitment exercise for new independent board members in the 2020-21 year.

REPORT OF THE GOVERNING BODY (CONTINUED)

Disability statement

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

- a) The College is fully accessible.
- b) The College employs specialised staff, who provide information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available to use by students and a range of assistive technology is available in the skills department.
- d) The Admissions & Enrolment Policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the College's Complaints Procedure.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

British Values and Prevent Duty

The College adheres to the Prevent Duty Guidance which came into force in September 2015 and makes reference to FE/HE requirements, including British Values.

We will strive to eradicate the myths and assumptions that can lead to some people becoming alienated and disempowered, especially where the narrow approaches people may experience elsewhere may make it harder for them to challenge or question radical and extremist influences.

British Values and the Prevent Duty Guidance are reinforced and contextualised within the curriculum delivery to help learners understand how this applies to them in the workplace and as members of society. The college is committed to providing a safe and healthy environment for all its Learners. Students on college Campus and Apprentices in the workplace undertake learning modules in mental health awareness, safeguarding, e-safety and sexual harassment.

Going concern

Selby College has a current confirmed financial health status of "Outstanding" by the Education and Skills Funding Agency for the financial year ended 31 July 2021. In the ESFA July 2021 financial plan, the financial health status of "good" is predicted for both year ended 31 July 2022 and 31 July 2023, generating a small operating surplus in each year. The financial health is expected to revert to good for the financial year ended 2022, as it is not considered the current "outstanding" health score to be a sustainable position.

A monthly rolling cash flow forecast for a 24 month period is updated each month covering the period up to 31 July 2023 with sensitivity analysis performed to assess short term cash demands with adequate cash reserves available. The intended merger with Wakefield College is expected to conclude on 1 March 2022. As a contingency, in the case of a delay to the merger, an overdraft facility is planned for the next financial year to cover in-month short term working capital requirements from 1 March 2022 to 31 May 2022.

This is supported further by financial management actions including alignment of operational costs to income generation. The 2021/22 budget has been prepared with the ongoing utilisation of external Curriculum planning consultancy and has been subject to challenge and stringent validation processes, including assessments for sensitivity analysis.

The Board believe that preparing the financial statements on a non-going concern basis of accounting is appropriate as the College is exploring a merger opportunity with Wakefield College, and the current Corporation is likely to not be in existence at the start of 2022/23 financial year. No material adjustments have arisen as a result of ceasing to apply the going concern basis. The Board therefore believe that the College group has adequate resources to enable it to continue as a going concern until the merger is completed.

The main assumptions used by the College in the financial plan relate to:

- Student numbers;
- Levy funded apprentices; and
- Staff costs.

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

REPORT OF THE GOVERNING BODY (CONTINUED)

Borrowings as a percentage of income are low and well below the Funding Agency recommended levels. The ratio is represented by 8.79% in 2020/21, the College therefore has flexibility in its management of financial resources and the ability to maintain viability.

The proportion of staff costs as a percentage of income are 67.13% for 2020/21 since the College operates similarly to a 6th Form College, with the necessity for a broad curriculum range of provision to meet local needs. As part of the financial strategy actions have been undertaken to move towards a decrease this percentage.

COVID-19:

Going concern was potentially a key consideration at the start of the pandemic. Selby College reacted promptly and effectively in continuing the control measures previously put in place during the financial year ended 2020, including a budget reforecasts of revenue balances, revised cash flow forecasts and review of government support funding available to facilitate a robust financial position and continued deliverable operations.

Support was applied for through the Supplier Provider Relief for apprenticeships and we received £240k of funding from the ESFA. Selby College also received funding of £28k for the staff and student Covid 19 testing facility. We also submitted successful Furlough claims for the period of August 2020 to June 2021 securing HMRC funding of £36k (2019/20: £33k).

A key element of our continuing financial strategy for financial year ended 2021, was to sell the remaining four investment properties in order to repay some of our loan borrowings and increase our cash position to ensure funds for future investment in the College to support attracting learners to our College and securing our future financial viability. The Covid-19 pandemic had delayed this process, with one sale completed during the previous financial year ended July 2020. However, the final properties were sold during 2020/21, completing the strand of this strategy.

The college also took advantage in Financial Year ended 2020 of the VAT deferment of the April VAT return, to make cash savings. The HMRC VAT deferment opportunity extended into the current financial year ended 31 July 2021 allowing the remaining Lennartz VAT repayment to be settled in monthly instalments with the final payment due in January 2022.

The steps outlined supports the governor's opinion that the college continues to operate as a going concern.

Selby College has a financial surplus before adjustments for FRS 102 section 28 pension notional costs, and also considerably increased cash balances, due to strategies employed in budget reforecasting, expenditure savings made and increasing cash. The well managed outcome has ensured that no bank covenants have been breached and it has not been necessary to obtain a bank waiver letter.

The College Cash days in hand are sound at an average 48 to 103 days at year end compared to the National FEC Median of an average between 60 to 45 days to year ended 2020. Cash Management is robust with regular review and planning of investment deposits and potential returns. The College has a detailed monthly cash flow forecast which is used to monitor headroom and make decisions on whether or not the College is going to place funds on deposit. This allows appropriate monitoring of cash in the future to ensure adequate headroom is maintained. Several investment deposits were made during the financial year ended 2021, all repaid to College before the financial year end. The cash flow is reviewed and updated on a monthly basis to ensure that there continues to be adequate cash in the bank.

The College cautiously planned the 2020-21 budget revising down ambitious growth targets to what it felt was a more realistic level. This was especially true with our apprenticeship delivery. Due to this cautious approach the College performed in line with budget expectations.

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 membership of the Corporation on14 December..... 2021 and signed on its behalf by:

Mr. R. Stiff

(Chair)



STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Corporation endeavours to conduct its business:

- in accordance with the seven principles identified on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges published in May 2019 ("the Code").

The Corporation is committed to exhibiting best practice in all aspects of corporate governance and in the opinion of the Corporation, the College has complied with all provisions of the Code throughout the year ended 31 July 2021. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges originally issued by the Association of Colleges in March 2015, which it formally adopted initially on 14 July 2015.

This opinion is based on an external review of compliance with the Code by the Internal Auditors reported to the board on 20 October 2020. The objective of this audit was to evaluate the College's governance processes, with consideration of the good practice principles outlined in the Association of Colleges 'Code of Good Governance for English Colleges' (May 2019) and Department for Education's 'Further Education Corporations and Sixth-Form College Corporations Governance Guide' (February 2019) guidance, and test the compliance against the agreed governance arrangements and requirements at Corporation Board and Sub-Committee level. Substantial Assurance was confirmed by the Internal Auditors to the Audit Committee on 28 September 2020.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The governors, who are also trustees for the purposes of the Charities Act 2011, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation

Members who served on the Corporation during the year and up to the date of signature of this report are listed in the table below:

Name	Date of appointment/ re-appointment	Term of office ends	Date of initial appointment	Number of Terms Served	Status of appointment	Committees served	Corporation Meeting Attendance (%)	Corporation Meeting Attendance (number)
Daniel Bates	October 2020	July 2024	21/10/2020	1 st	Independent	Finance Committee	50%	3 out of 6
Ruth Baxter	September 2020	July 2024	21/07/2020	1 st	Staff	Curriculum and Quality Committee	100%	9 out of 9
Andy Brown	September 2020	July 2024	21/07/2020	1 st	Staff	Finance Committee	78%	7 out of 9
Michael Clarke	September 2020	July 2021	21/07/2020	1 st	Associate	Audit Committee	67%	6 out of 9
Cllr. Tom Gordon	October 2019	July 2023	8/10/2019	1 st	Independent	Finance Committee	44%	4 out of 9
David Harbourne Vice Chair	July 2019	July 2023	April 2016	2 nd	Independent	Chair of Curriculum & Quality Committee, Audit Committee Member of the Strategy Group	89%	8 out of 9
David Kellett	July 2018	July 2022	28/09/2004	5 th	Independent	Chair of Audit Committee Also the Health and Safety Governor Member of the Strategy Group	100%	9 out of 9
Joe Leigh	October 2019	October 2023	08/10/2019	1 st	Independent	Chair of Finance Committee Member of the Strategy Group	100%	9 out of 9
Will Matthews	October 2020	July 2021	08/10/2019	1 st	Student	Curriculum and Quality Committee	89%	8 out of 9
Gordon McAlpine	September 2020	July 2024	14/02/2017	2 nd	Independent	Audit; Curriculum & Quality; Chair of Remuneration Committee Also the CEIAG Governor and Safeguarding Governor	100%	9 out of 9
Alexandra Miles	September 2020	July 2024	21/07/2020	1 st	Independent	Audit Committee	100%	9 out of 9

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

Name	Date of appointment/ re-appointment	Term of office ends	Date of initial appointment	Number of Terms Served	Status of appointment	Committees served	Corporation Meeting Attendance (%)	Corporation Meeting Attendance (number)
Malik Rofidi	September 2020	July 2024	21/07/2020	1 st	Independent	Search Committee, Remuneration Committee The Mental Health and Wellbeing Governor	78%	7 out of 9
Phil Sayles	September 2018	N/ A	03/09/2018	n/a	Ex-Officio	Search; Finance Member of the Strategy Group	100%	9 out of 9
Richard Stiff, Chair from 9 th July 2019	October 2017	July 2021	10/10/2017	1st	Independent	Finance Committee; Remuneration Committee, Search Committee, Chair of the Corporation Ex Officio member of the Strategy Group	100%	9 out of 9
Vijay Teeluck	September 2020	July 2024	21/07/2020	1 st	Independent	Curriculum and Quality Committee	78%	7 out of 9
Janet Waggott	October 2017	July 2021	10/10/2017	1st	Independent	Remuneration Committee Member of the Strategy Group	89%	8 out of 9
Julie Watson	July 2019	July 2023	30/03/2016	2nd	Independent	Audit Committee, Curriculum and Quality Committee Also the Equality and Diversity Representative and the HE Enhancement Panel Representative	67% * (or 100% excluding leave of absence)	6 out of 9

(c) = committee chair

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

Members who served on Selby College Corporation Committees during the period 1 August 2020 to 31 July 2021:

Audit – 90%

Name	Status of appointment	Committee Attendance (%)	Committee Attendance (number)
Michael Clarke	Associate	75%	3 out of 4
David Harbourne	Independent	75%	3 out of 4
David Kellett	Independent	100%	4 out of 4
Gordon McAlpine	Independent	100%	4 out of 4
Alex Miles	Independent	100%	4 out of 4

Curriculum and Quality – 90%

Name	Status of appointment	Committee Attendance (%)	Committee Attendance (number)
Ruth Baxter	Staff	100%	5 out of 5
David Harbourne	Independent	100%	6 out of 6
Gordon McAlpine	Independent	100%	6 out of 6
Julie Watson	Independent	83%	5 out of 6
Will Matthews	Student	83%	5 out of 6
Vijay Teeluck	Independent	83%	5 out of 6

Finance – 85%

Name	Status of appointment	Committee Attendance (%)	Committee Attendance (number)
Dan Bates	Independent	50%	2 out of 4
Andy Brown	Staff	100%	4 out of 4
Tom Gordon	Independent	60%	3 out of 5
Joe Leigh	Independent	100%	5 out of 5
Phil Sayles	Ex-Officio	100%	5 out of 5
Richard Stiff	Independent	100%	5 out of 5

Remuneration – 100%

Name	Status of appointment	Committee Attendance (%)	Committee Attendance (number)
Gordon McAlpine	Independent	100%	2 out of 2
Malik Rofidi	Independent	100%	2 out of 2
Richard Stiff	Independent	100%	2 out of 2
Janet Waggott	Independent	100%	2 out of 2
In attendance: Phil Sayles	Ex-Officio	100%	2 out of 2

Search – 92%

Name	Status of appointment	Committee Attendance (%)	Committee Attendance (number)
Malik Rofidi	Independent	67%	2 out of 3
Phil Sayles	Ex-Officio	100%	3 out of 3
Richard Stiff	Independent	100%	3 out of 3
Julie Watson	Independent	100%	3 out of 3

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

The Corporation (continued)

COVID-19:

As a result of Covid 19, board and committee meetings have been held virtually from September 2020 to May 2021. The Corporation Board revised the schedule of meetings to enable the Board to meet as frequently as needed. It returned to face to face Corporation meetings in June 2021.

The Board continued to hold Strategic Development days, meeting twice on Saturdays in the Autumn and Spring. A Governor working party and then a governor steering group worked on the potential merger workstream. Face to face Governor workshops were also held to debate key topics in the run up to the decision on a potential merger partner – focusing on structure and governance, finance, curriculum and quality and the SPA process.

The Standing Orders and Articles had been revised in March 2020 to allow additional provisions for teleconferencing and to enable a potential Chair's Action to be communicated by electronic means. All meetings going forward will have the functionality for attendees and governors to attend a face to face meeting virtually, when needed.

Members received regular weekly bulletins and Covid Risk Assessments in addition to the regular scheduled reports.

Governors were all requested to take lateral flow tests before meetings and to socially distance and follow the current college risk assessments whilst on site for meetings or personal visits.

Mr. R. Stiff

(Chair)



Date

14/12/21

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

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 as a minimum on a termly basis and the Director of Finance has been invited to each meeting to present a financial report.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are audit, curriculum & quality, finance, remuneration and search.

Full minutes of all Corporation and Committee meetings except those deemed to be confidential by the corporation are available on the College's website at www.selby.ac.uk, or from the Director of Governance at the College's registered address:

Selby College
Abbot's Road
Selby
North Yorkshire
YO8 8AT

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to board meetings. Briefings are also provided on 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 roles of the Chair of the Corporation and Accounting Officer of the College are separate.

No changes to the model of governance activity were necessary, as all activity transferred online when necessary.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration by the Corporation as a whole. The Corporation has a Search Committee comprising of the Chair of Corporation, the Accounting Officer and two members of the Corporation and is responsible for the selection and recommendation of any new member for appointment (apart from staff and student members) for the Corporation's consideration. The Corporation is responsible for ensuring members receive appropriate training as required.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Appointments to the Corporation (continued)

Members of the Corporation are appointed for a term of office not exceeding four years. Any applications for re-appointment are always carefully considered on merit, taking account of the relevant skills and experience of the individual, any gaps within the Corporation's skills base and the potential for continuing to enhance operations of the Corporation.

This year, recruitment was a priority for the Board and the Search Committee met on three occasions, supported by a task group.

The Director of Governance maintains a Register of the Financial and Personal Interests of all governors and key college budget holders. The register is available at the address below.

Selby College
Abbot's Road
Selby
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YO8 8AT

The Corporation is extremely effective and benefits from strong membership, which includes a broad range of skills and experience in education, public services and business. Board representation is evident on many cross college committees and governors are actively involved in college life and participate in many cross college events/activities.

In line with the recommendation in the AoC's Code of Good Governance, the Board operates a maximum of term of office to be two terms with an extension of an additional year in exceptional circumstances.

The composition of the Board is:

- to 1 Principal (Ex-Officio),
- 2 Student Members,
- 2 Staff Members and
- 12 Independent Members.

The Standing Orders were revised again in April 2021. This saw the tenure of the Chair and Vice Chair role reflect the same two term tenure with a maximum one year extension in exceptional circumstances for either role, as approved for the overall terms of office a governor may hold on the corporation. The Chair and Vice Chair will now be elected on a two year term. will now be elected on a two year term.

Corporation Performance

Robust governance provides clear strategic direction, promoting high standards whilst challenging and focussing upon performance and continual improvement, ensuring very effective response to a wide range of challenges and access to opportunities.

Within the Corporation's annual business schedule are detailed reports/data dashboards with key targets which enable successful scrutiny, monitoring, challenge and support to college management.

The Corporation meets termly as a minimum. In 2020-2021 the Corporation met nine times, were quorate and achieved 76% attendance. In addition, two Saturday development events were held.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Curriculum and Quality, Finance, Remuneration and Search. Overall attendance at committee meetings in 2020-2021 was 92%.

Governors are able to take independent professional advice in furtherance of their duties and at the College's expense and have access to the Director of Governance, who is responsible to the board and provides guidance and advice. The appointment, performance and appraisal process and removal of the Director of Governance are matters for the corporation board.

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Corporation Performance (continued)

Self-Assessment

An annual cycle of Self-Assessment is undertaken by the Corporation to assess its own performance against pre-agreed Key Performance Indicators and Targets which include:

- Educational Character
- Oversight of College Activities
- Quality Strategy
- Effective and Efficient use of Resources, Solvency of College and Safeguarding Assets
- Approving Annual Estimates of Income and Expenditure
- Appointment, Grading, Suspension Dismissal and Determination of Pay, Conditions of Service of Holders of Senior Posts and the Director of Governance
- Review of Standing Orders; Code of Conduct; Attendance; Quoracy of meetings; Clerkship Timeframes Completion of Register of interests

All KPI targets during 2020-2021 were successfully achieved.

Evaluation Questionnaires

All governors are required to participate in a process of which align to the Instruments and Articles, the Corporation's Code of Conduct and the AoC Code of Governance for English Colleges covering key responsibilities of the Corporation.

One to one meetings are held between the Chair and members of the Corporation. Three questionnaires were also completed to review qualitative feedback, including the annual 360° review of both the Chair and the Clerk.

Each Committee also reviews its effectiveness which is then reported to the Board. The Board then reviewed the feedback and discussed how they wish to further develop their processes in sessions at their Corporation Development events.

The outcomes of the questionnaires and meetings indicate corporation and individual performance levels and inform quality improvement plans along with the identification of training needs to enhance members to fulfil their roles successfully. A number of external speakers have been invited to speak to governors this year to share best practice and as part of the training and development of the board itself. These include David Hughes, the Chief Executive of the Association of Colleges (AoC) and Rob Lawson, a National Leader of Governance.

Annual Committee Self-Assessments

Annual Committee Self-Assessments are undertaken with outcomes feeding into the annual review of Committee Remits, which are then recommended to the Corporation for approval for the coming year.

Outcomes from all assessments/evaluations of the Corporation during 2020-2021 indicated an overall rating of Good. This included ratings of Outstanding and no ratings were noted of less than Good.

Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Chair, Accounting Officer and any staff members). The committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee met on an at least termly basis during 2020-2021 with four meetings during the year and 90% attendance was achieved. The members of the committee and attendance are included in the table on page 20. All meetings were quorate. The Audit Committee provides a forum for reporting by the College's internal auditors and financial statements auditors who have access to the Committee for independent discussion as required, without the presence of College management. The Audit Committee also receives and considers reports from the FE funding body, as they affect the College's business.

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Audit Committee (continued)

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

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

Finance Committee

The Finance Committee comprises six members. The Chair of Corporation and the Accounting Officer are members. The committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to consider any matters relating to finance and assets/liabilities, including making recommendations to the Corporation on the annual estimates of income and expenditure; capital expenditure requirements including loans; the financial implications of major building projects, major repairs and renewal projects, acquisitions and disposals of land and buildings; major variances of income and expenditure, cash flow and financial forecasts.

The Finance Committee meets as a minimum 3 times a year and during the 2020-21 year it met on 5 occasions. All the meetings were quorate during 2020-2021 with 85% attendance at committee meetings. The Finance Committee review the audited annual accounts and recommend these for approval to the Corporation and also monitor and advise the Corporation on the solvency of the College.

Remuneration Committee

The College's Remuneration Committee comprises four members of the Corporation. Two committee meetings were held during the year achieving 100% attendance and hence quorate. The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer, other senior post-holders and the Director of Governance and to provide the Corporation with a Remuneration Committee Annual Report.

The Corporation adopted the AoC Colleges Senior Staff Remuneration Code (December 2018) in January 2019 and the report re-confirms their written commitment to comply with the Code. The AoC developed the Code with the assistance of the Office for Students (OfS), with the aim of meeting the regulatory requirements of both ESFA and OfS and in line with the feedback from AoC Members and College Stakeholders.

Its aim is to have "fair and appropriate remuneration" through

- I. A fair, appropriate and justifiable level of remuneration
- II. Procedural fairness; and
- III. Transparency and accountability

It should therefore provide reassurance to our stakeholders

The committee take account of surveys, benchmarking and economic factors amongst the reports received.

The Code states that a college 'must' publish a readily accessible annual statement, based on an annual report to its governing body, and specifies the minimum content to be included within the report as well as 'should' statements recommending best practice. The structure of the annual report follows the guidance provided by the AoC and the annual report is available on the College website.

Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

Internal Control

Scope of responsibility

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal Control (continued)

Scope of responsibility (continued)

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 conditions of funding between the College and the funding body. 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 2021 and up to the date of approval of the annual report and financial statements.

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 and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The risk and control framework (continued)

COVID-19:

A separate Covid Risk Register was developed (Covid 19) which was reviewed by the Audit Committee and the Board on a monthly basis.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place and this has been identified as an area of strength within the Governor's self assurance process. The audit committee believes the corporation has a range of effective internal controls in place, ranging from external review (auditors) to internal tools including the College Assurance map and regular reviews of risk registers.

A wider risk-based approach towards internal audit planning has been adopted. The annual Internal Audit plan is reviewed by the Audit Committee, SLT and key management personnel, prior to board agreement and has since been revised throughout the year to flexibly respond to the needs of the College and changing priorities.

The College also has a Risk Management Committee with a comprehensive membership across key areas in the college which is well attended. The committee reports are shared with the Audit Committee.

When determining areas of focus each year a number of factors are considered including:

- prior coverage - including previous results and time since last review
- processes identified internally as requiring improvement
- areas that may present a higher level of risk to the College (such as areas with new staff leads or where there have been significant developments in systems, processes or requirements).
- recommendations from the Internal and External Auditors (for example inclusion of cyber security after a number of recent incidents within the sector)
- Compliance and funding requirements

Areas have then been considered and prioritised in order to identify areas where improvements can be made and to eliminate or minimise key risks. With a limited budget for Internal Audit services each year, it also ensures value from the service can be obtained.

The Committee have reviewed their approach last year and confirmed their intention for audits to inform and identify risks so that processes can be developed and assurance received through follow up audits.

The Committee have also held the College to account, holding additional risk based committee meetings during the year and requesting reports from the management team when particular risks were highlighted. The follow up audits and management responses to risks identified within an audit are reviewed with interest by the committee. Where progress was identified during lockdown to be slow, the Committee responded quickly – requiring a management report, attendance at meetings from college personnel to respond to queries and an additional meeting so that additional assurance would be provided in a timely and effective manner.

The Internal Audit Service is one tool within a variety of methods to review risk including:

- Receiving minutes and reports from the Risk Committee. The Audit Committee have been pleased to see the strong attendance at this meeting from SLT and key personnel. It reinforced the importance with which the college views its assurance processes.
- Reviewing the wider College Assurance Map. This is a detailed document that records risks, responsible owners and key achievements over time. It includes many of the risks that are not regularly reviewed by the Internal Auditors and is shared with Internal and External Auditors.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Statement from the audit committee (continued)

The specific areas of work undertaken by the audit committee in 2020/21 and up to the date of the approval of the financial statements include

- Approval of the Internal Audit Strategic and Annual Plan
- Assurance from audits in:
 - Curriculum Planning Software Audit
 - Subcontracting Audit
 - Governance Audit
 - Work Placements Audit
 - Health and Safety Audit
 - Apprenticeships Audit
 - Follow up
 - Construction Apprenticeships Audit
 - Subcontracting Controls – Part One Audit
 - Payroll Audit
 - Learner Experience Audit
 - Internal Auditors Progress Report
- Assurance from an ESF (European Social Fund) Match Funding Audit
- Internal Audit reports assuring the Committee on the college risk management control and governance processes. Governance is particularly strong securing Substantial assurance.
- Reports from the College Risk Management Group
- GDPR and Individual Learner Records reports
- Regular review of the College Assurance Map and Risk Registers

Some of these formed part of the 2019-20 plan with the final reports being received in the September meeting.

- Reporting the Risk Register at audit and board meetings. During the pandemic, an additional Covid Register was created. As the College planned to return to site, a comprehensive review and combination of the documents was prioritised.
- Inviting the Internal and External Auditors to each meeting and inviting speakers to present reports

Review of Effectiveness

Some Internal audits have been completed following advice from the Internal Auditors.

From the other Internal Audits the results were:

Reports	Assurance level
Health and Safety	Substantial
Subcontracting Controls	Good
Early follow up of Apprenticeship and Subcontracting Recommendations	N/A
Construction Apprenticeships	Limited
Payroll	Substantial
Learner Experience	Advisory

Further audits from the year were carried into the 2021 – 22 year:

Reports	Assurance level
Cashless Catering for Bursary Funds (delayed until students were back on site)	No recommendations for this specific audit but some recommendations made
Follow Up (additional days were added to this activity in the 2021-22 year to ensure a thorough follow up would be completed)	N/A
Subcontracting Controls Part Two	Substantial
Cyber Security and Resilience	Carried forward and then agreed to use the days for a wider Audit of Apprenticeships following the Audit results

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Review of Effectiveness (continued)

The Payroll Audit was exemplary, with no recommendations made.

The Subcontracting Audit, Part Two, also had no recommendations, demonstrating both the college desire to improve and embrace recommendations from earlier audits, and reinforcing the benefit and impact of the risk based approach to auditing in the college

Report	Assurance Level			
	High	Medium	Low	total
Health and Safety	0	0	3	3
Subcontracting (Part One)	0	2	2	4
Subcontracting (Part Two)	0	0	0	0
Early Follow up of Apprenticeships	2	3	1	6
Construction Apprenticeships	1	6	2	9
Payroll	0	0	0	0
Learner Experience	0	4	1	5
Cashless Catering for Bursary Funds	Some suggestions made			

The majority were low or medium risks, some are housekeeping and an encouraging number of the recommendations have already been implemented. College staff responded well to the recommendations and there are action plans in place to respond quickly to many of the recommendations made.

All high risks identified were linked to the apprenticeship process. The Audit in Apprenticeships confirmed the need for improvement in process and practice and the Audit report results were shared with relevant departments so that clear recommendations could be shared. Additional training and support has been put in place and a series of follow up activities have commenced, using samples from across the college which will provide the oversight required, for improvement at pace.

Where there were high grade recommendations, additional internal monitoring processes have been put in place to action change quickly and are identified as priority areas where Governors seek assurance. Management reports have been requested at each Committee meeting, key personnel attended committee meetings, and the Chair of the Audit and the Curriculum and Quality Committee jointly had a meeting with the Principal.

Follow-Up of Previous Recommendations

Follow up activities related to both the 2018-19 and 2019-20 year. Of the 30 recommendations reported as implemented, 23 were fully implemented, 4 are outstanding (two medium and two low risk recommendations) and 3 are no longer required.

At the time the Annual Report was produced there were 28 other recommendations that either hadn't reached the original target implementation date or an extended target date was requested and these will be included within the next follow up audit.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Review of Effectiveness (continued)

Accounting Officer

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, the regularity auditors, the appointed funding 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 other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Accounting Officer and senior management team receive 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 Principal and senior management team and the audit committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes 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".

Going Concern

The College is currently exploring a merger opportunity with Wakefield College. The Board believe that preparing the financial statements on a non-going concern basis of accounting is appropriate as the College is exploring the merger opportunity, and the current Corporation is likely to not be in existence at the start of 2022/23 financial year. No material adjustments have arisen as a result of ceasing to apply the going concern basis. The Board therefore believe that the College group has adequate resources to enable it to continue as a going concern until the merger is completed.

Approved by order of the members of the Corporation on 14th December 2021 and signed on its behalf by:

Mr. R. Stiff – Chairman 

Mr P Sayles – Accounting Officer 


Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

STATEMENT ON THE COLLEGE'S 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 College's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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

Mr. R. Stiff – Chairman 

Dated 14/12/21 2021

Mr P Sayles – Accounting Officer 

Dated 14/12/21 2021

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Corporation's Conditions of Funding with the ESFA and any relevant funding bodies, 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 FE & HE SORP and with the College Accounts Direction 2020 to 2021 issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards were followed, subject to any material departure 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 report to the Governing Body which describes what it is trying to do and how it is going about it, including 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 Corporation, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard assets of the Corporation and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Corporation website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with ESFA'S grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure, so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14th December 2021 and signed on its behalf by:

Mr. R. Stiff – (Chair) 

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SELBY COLLEGE

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the Group's and the College's 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 Group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As disclosed in note 1 to the financial statements on page 40, the governing body intend that the College will transfer its activity, assets and liabilities to Wakefield College on 1 March 2022 and at the same time the college will dissolve. Consequently, the governors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no material adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

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.

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

In our opinion, in all material respects:

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SELBY COLLEGE (CONTINUED)

Matters on which we are required to report by exception

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

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

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

- the College's grant and fee income, as disclosed in the note 3 to the financial statements, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation Body of Selby College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 32, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 Group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and College operates in and how the Group and College are complying with the legal and regulatory frameworks;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SELBY COLLEGE (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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, Regulatory Advice 9: Accounts Direction published by the Office for Students and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from tax advisors.

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 that it is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The Group 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 and challenging judgments and estimates made.

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 October 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
Rivermead House
7 Lewis Court
Grove Park
Leicester
LE19 1SD

Date 20/12/2021

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME

		2021		2020	
	Notes	Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	3	8,322	8,322	8,471	8,471
Tuition fees and education contracts	4	1,491	1,491	1,411	1,411
Other income	5	647	643	497	493
Investment income	6	-	35	28	39
Total income		<u>10,460</u>	<u>10,491</u>	<u>10,407</u>	<u>10,414</u>
Expenditure					
Staff costs	7	6,967	7,005	6,812	6,831
Restructuring costs	7	55	55	68	68
Other operating expenses	8	2,368	2,361	2,188	2,176
Depreciation	11	1,235	1,235	1,021	1,021
Interest and other finance costs	9	92	92	79	79
Total expenditure		<u>10,717</u>	<u>10,748</u>	<u>10,168</u>	<u>10,175</u>
(Deficit)/surplus before other gains and losses		<u>(257)</u>	<u>(257)</u>	<u>239</u>	<u>239</u>
Profit on disposal of tangible fixed assets		<u>8</u>	<u>8</u>	<u>5</u>	<u>5</u>
(Deficit)/surplus before tax		<u>(249)</u>	<u>(249)</u>	<u>244</u>	<u>244</u>
Taxation	10	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Deficit)/surplus for the year		<u>(249)</u>	<u>(249)</u>	<u>244</u>	<u>244</u>
Re-measurement of net defined benefit pension liability	19	<u>2,471</u>	<u>2,471</u>	<u>(2,883)</u>	<u>(2,883)</u>
Other comprehensive income for the year		<u>2,471</u>	<u>2,471</u>	<u>(2,883)</u>	<u>(2,883)</u>
Total comprehensive income for the year		<u>2,222</u>	<u>2,222</u>	<u>(2,639)</u>	<u>(2,639)</u>
Total comprehensive income for the year attributable to the Corporation of the College		<u>2,222</u>	<u>2,222</u>	<u>(2,639)</u>	<u>(2,639)</u>

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2021

	Notes	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Fixed assets					
Tangible fixed assets	11	30,448	30,448	31,142	31,142
Investments	12	-	-	-	-
		<u>30,448</u>	<u>30,448</u>	<u>31,142</u>	<u>31,142</u>
Current assets					
Stocks	13	37	37	45	45
Debtors	14	114	149	328	373
Cash at bank and in hand		<u>2,738</u>	<u>2,706</u>	<u>1,554</u>	<u>1,524</u>
		<u>2,889</u>	<u>2,892</u>	<u>1,927</u>	<u>1,942</u>
Current liabilities					
Creditors - amounts falling due within one year	15	<u>(2,307)</u>	<u>(2,311)</u>	<u>(1,937)</u>	<u>(1,953)</u>
Net current assets/(liabilities)		<u>582</u>	<u>581</u>	<u>(10)</u>	<u>(11)</u>
Total assets less current liabilities		<u>31,030</u>	<u>31,029</u>	<u>31,132</u>	<u>31,131</u>
Creditors – amounts falling due after more than one year	16	(20,999)	(20,999)	(21,425)	(21,425)
Provisions for liabilities					
Defined benefit pension scheme	19	<u>(3,571)</u>	<u>(3,571)</u>	<u>(5,469)</u>	<u>(5,469)</u>
Total net assets		<u>6,460</u>	<u>6,459</u>	<u>4,238</u>	<u>4,237</u>
Unrestricted reserves					
Income and expenditure reserve		3,210	3,209	988	987
Revaluation reserve		<u>3,250</u>	<u>3,250</u>	<u>3,250</u>	<u>3,250</u>
Attributable to the College Corporation and total unrestricted reserves		<u>6,460</u>	<u>6,459</u>	<u>4,238</u>	<u>4,237</u>

The financial statements on pages 36 to 58 were approved and authorised for issue by the Corporation on 14 December 2021 and were signed on its behalf on that date by:

Mr. R. Stiff
Chairman



Mr P Sayles
Accounting Officer



Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve	Revaluation reserve	Total
	£000	£000	£000
Group			
Balance at 1 August 2019	3,627	3,250	6,877
Surplus for the year	244	-	244
Other comprehensive income	(2,883)	-	(2,883)
Total comprehensive income for the year	<u>(2,639)</u>	<u>-</u>	<u>(2,639)</u>
Balance at 31 July 2020	988	3,250	4,238
Deficit for the year	(249)	-	(249)
Other comprehensive income	2,471	-	2,471
Total comprehensive income for the year	<u>2,222</u>	<u>-</u>	<u>2,222</u>
Balance at 31 July 2021	<u>3,210</u>	<u>3,250</u>	<u>6,460</u>

	Income and expenditure reserve	Revaluation reserve	Total
	£000	£000	£000
College			
Balance at 1 August 2019	3,626	3,250	6,876
Surplus for the year	244	-	244
Other comprehensive income	(2,883)	-	(2,883)
Total comprehensive income for the year	<u>(2,639)</u>	<u>-</u>	<u>(2,639)</u>
Balance at 31 July 2020	987	3,250	4,237
Deficit for the year	(249)	-	(249)
Other comprehensive income	2,471	-	2,471
Total comprehensive income for the year	<u>2,222</u>	<u>-</u>	<u>2,222</u>
Balance at 31 July 2021	<u>3,209</u>	<u>3,250</u>	<u>6,459</u>

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021 £000	2020 £000
Operating activities			
Cash from operations	18	2,023	911
Taxation paid		-	-
Net cash from operating activities		<u>2,023</u>	<u>911</u>
Investing activities			
Proceeds from sale of tangible fixed assets		636	222
Investment income		-	28
Purchase of tangible fixed assets		<u>(1,095)</u>	<u>(117)</u>
		<u>(459)</u>	<u>133</u>
Financing activities			
Interest paid		(18)	(33)
Repayment of borrowings		<u>(362)</u>	<u>(400)</u>
		<u>(380)</u>	<u>(433)</u>
Increase in cash and cash equivalents in the year		1,184	611
Cash and cash equivalents at beginning of the year		<u>1,554</u>	<u>943</u>
Cash and cash equivalents at end of the year		<u><u>2,738</u></u>	<u><u>1,554</u></u>

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

Selby College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on pages 22 and 23. The nature of the College's operations are set out in the Report of the Governing Body.

The group consists of Selby College and its subsidiary company Supporting Futures Selby Ltd.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (the F & HE SORP), the College Accounts Direction for 2020 to 2021 and Regulatory Advice 9 Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention modified to include the revaluation of freehold land. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The consolidated 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.

Reduced disclosures

In accordance with the FE & HE SORP, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Supporting Futures Selby Ltd. The results of any subsidiary acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-Group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2021.

Going concern

The activities of the College group, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College group, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The governing body have agreed to a merger with Wakefield College on 1 March 2022. On this date the College will transfer its activity, assets and liabilities to Wakefield College and at the same time the College will dissolve. It is for this reason that the governors conclude that it is not appropriate for the financial statements to be prepared on a going concern basis. The Board therefore believe that the College group has adequate resources to enable it to continue as a going concern until the merger is completed.

The latest two-year CFFR financial plan and cash flow projections prepared by the College group cover the period 2021-2023. These show that the College group expects to maintain a relatively healthy financial and cash flow position over the period, with a financial health score of "good" for the period. A monthly rolling cash flow forecast for a 24 month period is updated each month covering the period up to 31 July 2023 with sensitivity analysis performed to assess short term cash demands.

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

1 Accounting policies (continued)

Recognition of income

Grants – government and non-government

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget, outside of permitted tolerance levels, is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

Selby College has secured Adult Education Budget (AEB) delivery in excess of the required 90% tolerance position outlined above and therefore will not be subject to clawback.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

The recurrent grant from Office for Students represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Government capital grants for assets, other than land, are accounted for under the accrual model. 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.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees is recognised over the period for which it is received.

All income from short-term deposits is accrued in the period in which it is earned on a receivable basis

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

1 Accounting policies (continued)

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the North Yorkshire Pension Fund (NYPF), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charge to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The NYPF is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are stated at cost or deemed cost at the date of transition to FRS 102 less accumulated depreciation and accumulated impairment losses.

Equipment

Equipment costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

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

1 Accounting policies (continued)

Tangible fixed assets (continued)

Depreciation and residual values

Freehold land is not depreciated as it is considered to have an infinite useful life. Depreciation on other assets is calculated, using the straight line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

- Freehold buildings – 50 years
- Sports field improvements – between 10-20 years
- Office equipment – between 4-10 years
- Motor vehicles – between 4-7 years
- Furniture, fixtures and fittings – between 4-10 years
- Computer equipment - 5 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

Interests in subsidiaries and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

Jointly controlled entities

Entities in which the Group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method, (being the Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements).

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

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

1 Accounting policies (continued)

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred. Borrowing costs which are directly attributable to the acquisition, construction or production of freehold buildings are added to the cost of those properties until such a time as those properties are ready for their intended use.

Leased assets

Operating leases

All leases are operating leases and annual rents are charged to comprehensive income on a straight line basis over the lease term.

Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand.

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 Instruments

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

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measure at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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

1 Accounting policies (continued)

Taxation

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

The College 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. Capital costs and non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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

Agency arrangements

The College acts as an agent in distributing certain discretionary support funds from the funding body. Payments received from the funding body and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

2 Critical accounting judgements and estimation uncertainty

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

- North Yorkshire Pension Fund

The present value of the North Yorkshire Pension Fund 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.

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, 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.

- 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 or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

3 Funding body grants

	2021		2020	
	Group £000	College £000	Group £000	College £000
Recurrent grants				
Education and Skills Funding Agency - adult	2,155	2,155	2,281	2,281
Education and Skills Funding Agency – 16 – 18	5,230	5,230	5,273	5,273
Office for Students	124	124	140	140
Specific grants				
Education and Skills Funding Agency – provider relief scheme	19	19	40	40
Teacher Pension Scheme contribution grant	229	229	199	199
Releases of government capital grants	545	545	538	538
Education and Skills Funding Agency-Catch-up Tuition Fund	20	20	-	-
Total	8,322	8,322	8,471	8,471

The corporation has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak.

The funding received for Education and Skills Funding Agency, provider relief scheme covered costs of £19k (2019/20 £40k).

In addition to this Education and Skills Funding Agency, catch up tuition funding was received of £92k, of which £20k was utilised in the financial year 2020/21 and £72k has been carried forward to 2021/22.

4 Tuition fees and education contracts

	2021		2020	
	Group £000	College £000	Group £000	College £000
Tuition fees	1,328	1,328	1,254	1,254
Education contracts	163	163	157	157
Total	1,491	1,491	1,411	1,411

Details of grant and fee income

	2021		2020	
	Group £000	College £000	Group £000	College £000
Grant income from the Office for Students	124	124	140	140
Grant income from other bodies	8,198	8,198	8,331	8,331
Total grants	8,322	8,322	8,471	8,471
Fee income from non-qualifying courses (exclusive of VAT)	1,491	1,491	1,411	1,411
Total grant and fee income	9,813	9,813	9,882	9,882

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

5 Other income

	2021		2020	
	Group £000	College £000	Group £000	College £000
Catering operations	74	74	103	103
Other income generating activities	45	45	56	56
Non funding body government capital grant	213	213	80	80
Coronavirus Job Retention Scheme grant	44	36	37	33
Miscellaneous income	251	255	221	221
NYCC Covid Meals Support	20	20	-	-
Total	647	643	497	493

The Corporation furloughed some members of administrative and technician staff under the governments Coronavirus Job Retention Scheme. The funding received of £44k (2020: £37k) relates to staff costs which are included within the staff costs (note 7). The staff costs continued to be paid in full at 100%.

Miscellaneous income includes equipment gifted to the College with a fair value of £82k (2020: £12k). These assets have been included as equipment additions within tangible fixed assets (note 11).

The funding received for NYCC Covid meals support for students covered costs of £20k in the year to 2021.

6 Investment income

	2021		2020	
	Group £000	College £000	Group £000	College £000
Other interest receivable	-	-	3	4
Rental income	-	-	25	25
Gift aid distribution from subsidiary	-	35	-	10
Total	-	35	28	39

7 Staff costs and key management personnel remuneration

The average number of persons (including key management personnel) employed by the Group and College during the year, disclosed on an average headcount basis, was:

	Group 2021 No.	College 2021 No.	Group 2020 No.	College 2020 No.
Teaching staff	86	86	89	89
Non-teaching staff	126	89	127	103
Total	212	175	216	192

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

7 Staff costs and key management personnel remuneration (continued)

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Staff costs for the above persons:				
Wages and salaries	4,963	4,330	5,053	4,718
Social security costs	432	394	447	417
Other pension costs	1,435	1,426	1,208	1,158
Payroll sub-total	6,830	6,150	6,708	6,293
Contracted out staffing services	137	855	104	538
	6,967	7,005	6,812	6,831
Restructuring costs - Contractual	43	43	36	36
- Non contractual	12	12	32	32
Total staff costs	7,022	7,060	6,880	6,899

The staff restructuring costs were approved by the Corporation.

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Compensation for loss of office paid to former member of the senior management team				
Compensation paid to 1 former post-holder - Contractual	12	12	-	-
- Non contractual	12	12	-	-
Total staff costs	24	24	-	-

Key management personnel – group and college

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, Deputy Principal, Director of Curriculum Operations, Vice Principal – Learning & Quality, Director of Finance, Director of Marketing & Student Experience and HR Manager.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	7	7

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

7 Staff costs and key management personnel remuneration (continued)

Key management personnel – group and college (continued)

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

	Key management Personnel	
	2021	2020
	No.	No.
£40,001 to £45,000 p.a	-	1
£45,001 to £50,000 p.a.	1	2
£50,001 to £55,000 p.a.	2	2
£65,001 to £70,000 p.a.	2	1
£70,001 to £75,000 p.a.	1	1
≥ £90,000 p.a.	1	1
	7	8

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 7 members of key management personnel were paid in the £40,001 to >£90,000 p.a. banding in 2021 (2020: 8 members of key management personnel were paid in the £35,001 to >£90,000 p.a.).

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

	2021	2020
	£000	£000
Salaries	402	441
Benefits in kind	7	10
	409	451
Pension contributions	84	89
Total emoluments	493	540

In addition to the above, National Insurance paid on behalf of key management personnel (including the Accounting Officer) was £48k (2020: £55k).

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is the highest paid officer) of:

	2021	2020
	£000	£000
Salary	111	110
Benefits in kind	1	1
	112	111
Pension contributions	26	26
Total emoluments	138	137

The Remuneration Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer, other senior post-holders and the Director of Governance and to provide the Corporation with a Remuneration Committee Annual Report, in accordance with the AoC Remuneration Code published December 2018 and adopted by the Corporation in January 2019.

The remuneration of the Accounting Officer, and Senior Postholders (the Deputy Principal and the Director of Governance) for 2020-21 were determined on 9 December 2020 by the College's Remuneration Committee.

The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2021 was determined by reference to the AoC College Senior Post Holder Remuneration Code.

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

7 Staff costs and key management personnel remuneration (continued)

The Committee considered:

- The current package
- The proposed cost of living pay increases for other staff
- median college earnings
- the college approach to setting salaries
- benchmarking against salaries in the sector using the AoC Senior Pay Survey, and accounting for size and complexity of the College and its location
- The context of pay awards in the sector in the current climate
- The performance of the organisation and affordability

The recommendation was made to the Corporation Board that Senior Postholders receive a 1% pay increase backdated to the 1st January in line with other College Staff on 15 December 2020.

The annual remuneration report was presented to the Board on 23 February 2021. The report re-confirmed the Board's written commitment to comply with the Code.

Its aim is to have "fair and appropriate remuneration" through

- a fair, appropriate and justifiable level of remuneration;
- procedural fairness; and
- transparency and accountability.

It should therefore provide reassurance to our stakeholders.

The Code states that a college 'must' publish a readily accessible annual statement, based on an annual report to its governing body, and specifies the minimum content to be included within the report as well as 'should' statements recommending best practice. The structure of the Annual Board report follows the guidance provided by the AoC and is published on the College website.

The Board also took this opportunity to review the Remuneration policy and terms of reference of the Committee.

A similar approach was used to determine the remuneration of other key management personnel.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2021	2020
	No	No
Basic salary as a multiple of median basic salary of staff	3.88	4.03
Total remuneration as a multiple of median total remuneration of staff	3.88	4.03

Governors' remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors.

The total expenses paid to or on behalf of the Governors during the year was £2,615 for 17 governors (2020 £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No governor has received any remuneration or waived payments from the College during the year (2020: None).

8 Other operating expenses

	2021		2020	
	Group	College	Group	College
	£000	£000	£000	£000
Teaching costs	960	960	881	881
Non-lecturing costs	974	967	825	813
Premises costs	434	434	482	482
Total	2,368	2,361	2,188	2,176

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

8 Other operating expenses (continued)

	Group and College	
	2021	2020
	£000	£000
Surplus/(deficit) before taxation is stated after charging/(crediting):		
Auditors remuneration (excluding VAT):		
- financial statements audit: college and group	22	22
- audit of subsidiary	3	3
- internal audit	11	10
Other services provided by the financial statements auditor (excluding VAT):		
- audit related assurance services - regularity	5	5
- other assurance services - funding	12	-
- other services	6	-
Office for Students spend	30	30
Operating lease rentals	12	16

9 Interest and other finance costs – group and college

	2021	2020
	£000	£000
Bank loans	18	33
Net interest on defined pension liability (note 19)	74	46
Total	92	79

10 Taxation

The members do not believe the College is liable for any corporation tax arising out of its activities during the year

11 Tangible fixed assets – Group and College

	Freehold land and buildings £000	Investment properties £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2020	38,167	636	5,796	44,599
Additions	8	-	1,169	1,177
Disposals	-	(636)	(247)	(883)
At 31 July 2021	38,175	-	6,718	44,893
Depreciation				
At 1 August 2020	8,393	-	5,064	13,457
Charge for year	719	-	516	1,235
Eliminated in respect of disposals	-	-	(247)	(247)
At 31 July 2021	9,112	-	5,333	14,445
Carrying amount at 31 July 2021	29,063	-	1,385	30,448
Carrying amount at 31 July 2020	29,774	636	732	31,142

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

11 **Tangible fixed assets – Group and College (continued)**

If inherited land and buildings had not been valued, they would have been included at the following amounts:

	£000
Cost	
Aggregate depreciation based on cost	Nil
Carrying amount based on cost	Nil

Freehold land and buildings include a total of £265,000 (2020: £265,000) interest capitalised included in cost.

Land and buildings includes land valued at £3,250,000 (2020: £3,250,000) on 1 August 2014 (the transition date to FRS102) that is not depreciated. This was included at deemed cost. This valuation was performed by Stephenson, an independent valuer, on a fair value basis.

Additions to tangible fixed assets include £82,000 (2020: £12,000) of non-exchange transactions which are at fair value. The corresponding entry is credited to other income in the statement of comprehensive income.

Investment properties comprised houses that are rented out. One of the investment properties was sold during the financial year ended 2020 and the remaining investment properties were sold during the financial year ended 2021.

12 **Fixed asset investment – College**

The College owns 100% of the issued ordinary £1 share capital of Supporting Futures Selby Limited, a company incorporated in England and Wales. The principal activity of the company is employment support services.

The College has a long term interest and shares control under a contractual arrangement with Yorkshire and Humber Institute of Technology Limited, a private company limited by guarantee incorporated in England and Wales on the 17 July 2019.

13 **Stock – group and college**

	2021 £000	2020 £000
Consumables	37	45

14 **Debtors**

	2021 Group £000	College £000	2020 Group £000	College £000
Amounts falling due within one year:				
Trade debtors	18	18	7	7
Amounts owed by group undertakings	-	35	-	45
Other debtors	4	4	19	19
Prepayments and accrued income	92	92	142	142
Amounts owed by ESFA	-	-	160	160
Total	114	149	328	373

During the year, impairment losses of £Nil (2020: £2,000) were recognised in respect of trade debtors which were not expected to be received.

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

15 Creditors: amounts falling due within one year

	2021		2020	
	Group £000	College £000	Group £000	College £000
Bank loans (note 17)	162	162	184	184
Trade creditors	482	470	278	270
Amounts owed by group undertakings	-	26	-	58
Other creditors	140	140	169	142
Other taxation and social security	117	107	140	133
Accruals	435	435	468	468
Government capital grants	757	757	619	619
Government revenue grants	214	214	79	79
Total	2,307	2,311	1,937	1,953

16 Creditors: amounts falling due after more than one year

	2021		2020	
	Group £000	College £000	Group £000	College £000
Bank loans (note 17)	757	757	1,095	1,095
Government capital grants	20,242	20,242	20,330	20,330
Total	20,999	20,999	21,425	21,425

17 Bank loans

	2021		2020	
	Group £000	College £000	Group £000	College £000
Bank loans are repayable as follows:				
In one year or less	162	162	184	184
Between one and two years	164	164	187	187
Between two and five years	506	506	574	574
In five years or more	87	87	334	334
Total	919	919	1,279	1,279

The bank loan is secured by a fixed and floating charge over certain land and buildings of the College. It is subject to interest at variable rates of bank margin of 0.75% + bank base rate and is repayable by quarterly instalments falling due between 1 August 2015 and 31 December 2026. From 29 September 2016, £500,000 of the borrowings are on a fixed rate loan at the all-in rate of 2.43% until 31 December 2026. From 29 June 2017, a further £500,000 of the borrowings are on a fixed rate loan at the all-in rate of 2.115% until 31 December 2026, which is now fully repaid from the sale of the College's Investment properties.

New borrowings of £500,000 were entered into on 7 April 2017 which are subject to variable rates of bank margin of 1.95% and bank base rate and is a repayable by quarterly instalments falling between 7 April 2017 for 5 years, and up to 20 years.

Bank loans are secured by fixed charges against the land and buildings and investment properties of the College.

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

18 (a) Notes to cash flow statement

	2021 £'000	2020 £'000
(Deficit)/surplus after tax for the year	(249)	244
Depreciation	1,235	1,021
Investment income	-	(28)
Interest payable	92	79
Profit on sale of fixed assets	(8)	(5)
Donated tangible fixed assets	(82)	(12)
Pensions cost less contributions payable	499	291
Operating cash flow before movements in working capital	1,487	1,590
Decrease in stocks	8	3
Decrease/(increase) in debtors	214	(15)
Decrease/(increase) in creditors	314	(667)
Cash from operations	2,023	911

(b) Analysis of changes in net funds

	At 1 August 2020 £000	Cash flows £000	At 31 July 2021 £000
Cash	1,554	1,184	2,738
Loans falling due within one year	(184)	22	(162)
Loans falling due after more than one year	(1,095)	338	(757)
Net funds	275	1,544	1,819

19 Retirement benefits

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the North Yorkshire Pension Fund (NYPF) for non-teaching staff, which is managed by North Yorkshire Council. Both are multi-employer defined-benefit plans. The subsidiary company Supporting Futures Selby Ltd's employees belong to a stakeholder pension scheme which is a defined contribution scheme.

Total pension cost for the year	2021 £'000	2020 £'000
Teachers' pension scheme: contributions paid	564	535
North Yorkshire Pension Fund		
Contributions paid	363	348
FRS 102 (28) charge	499	291
Charge to the Statement of Comprehensive Income	862	639
Defined contributions paid	9	34
Total Pension cost for year within staff costs	1,435	1,208

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.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

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

19 Retirement benefits (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer contributions rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 23.68% during 2019/2020). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

The pension costs paid to TPS in the year amounted to £564,000 (2020: £535,000).

The next valuation result is due to be implemented from 1 April 2023.

Local Government Pension Scheme

The NYPF is a funded defined-benefit plan, with the assets held in separate funds administered by North Yorkshire County Council. The total contributions made for the year ended 31 July 2021 were £470,000, of which employer's contributions totalled £363,000 and employees' contributions totalled £107,000.

The agreed contribution rates for future years are 22.3% which increased from 21.2% in April 2021 and 18.5% in April 2020 for employers and range from 5.5% to 9.9% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	2.5%*	2.2%**
Future pensions increases	2.6%	2.3%
Discount rate	1.7%	1.4%
Inflation assumption (CPI)	2.6%	2.3%
Commutation of pensions to lump sums	47%	47%

*2021 – Assumed increase at 1.2% for year one, and then at the rate of CPI assumption thereafter

**2020 – Assumed increase at 1% for year one, and then at the rate of CPI assumption thereafter.

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

19 Retirement benefits (continued)

Principal Actuarial Assumptions (continued)

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.0	23.9
<i>Retiring in 20 years</i>		
Males	23.6	23.5
Females	25.8	25.7

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

	Fair Value at 31 July 2021 £000	Fair Value at 31 July 2020 £000
Equity instruments	10,217	8,542
Government bonds	2,423	2,886
Corporate Bonds	695	-
Property	1,034	952
Cash	288	519
Other	2,288	1,530
Total fair value of plan assets	16,945	14,429
Actual return on plan assets	2,385	1,232

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

	2021 £000	2020 £000
Fair value of plan assets	16,945	14,429
Present value of plan liabilities	20,516	19,898
Net pensions liability	3,571	5,469

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

19 Retirement benefits (continued)

	2021 £000	2020 £000
Amounts recognised in the statement of comprehensive income in respect of the plan are as follows:		
Current service cost	(862)	(639)
Net interest on the net defined benefit pension liability	(74)	(46)
Total	(936)	(685)
Amount recognised in other comprehensive income:		
Re-measurement of net defined benefit pension liability	2,471	(2,883)
Total	2,471	(2,883)
	2021 £000	2020 £000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	19,898	15,345
Current service cost	862	639
Interest cost	277	335
Contributions by scheme participants	107	109
Actuarial (gain)/loss	(289)	3,826
Benefits paid	(339)	(356)
Defined benefit obligations at end of period	20,516	19,898
Changes in fair value of plan assets		
Fair value of plan assets at start of period	14,429	13,096
Interest income	203	289
Return on plan assets (excluding net interest on the defined benefit liability)	2,182	943
Employer contributions	363	348
Contributions by scheme participants	107	109
Benefits paid	(339)	(356)
Fair value of plan assets at end of period	16,945	14,429

Selby College
FINANCIAL STATEMENTS
For the year ended 31 July 2021

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

20 Capital commitments – Group and College

	2021 £000	2020 £000
Commitments contracted for at 31 July	54	541
	<u>54</u>	<u>541</u>

21 Lease obligations – Group and College

The total future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Payments due		
Not later than one year	22	-
Later than one year and not later than five years	36	-
Total lease payments due	<u>58</u>	<u>-</u>

22 Access and participation expenditure – Group and College

	2021 £000	2020 £000
Access investment	28	22
Financial support provided to students	3	2
Support for disabled students	-	1
Research and evaluation related to access and participation	2	1
Total	<u>33</u>	<u>26</u>

The College's access and participation plan is available on the College's website at www.selby.ac.uk.

23 Related party transactions

Key management compensation disclosure is given in Note 7.

Selby College is a member of the Selby Educational Trust, a company limited by guarantee.

During the year, recharges to Selby Educational Trust amounted to £26,512 (2020: £20,000). Amounts owed to the College at the year end amounted to £4,370 (2020: £12,240).

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF SELBY 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 26 October 2020 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 Selby 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 the Selby 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 Selby College for regularity

The Corporation of Selby 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 Selby 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 Selby 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 Selby 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 Selby 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

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Date: 20/12/2021