

THE OLDHAM COLLEGE

Report and Financial Statements for the year ended 31 July 2021

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Alun Francis	- Principal and CEO; Accounting officer
Debra Woodruff	- Deputy Principal
Allan Tyrer	- Director of Finance
Helen Mathers	- Vice Principal HE & Higher Skills
Heather Green	- Vice Principal Strategy and Quality
Josie Elson	- HR Director
Alan Benvie	- Assistant Principal - Foundation Learning & Student Support Services
Jessica Criswell	- Assistant Principal - Curriculum & Learning
Lisa Liddy	- Director of Apprenticeships & Work Based Learning

Board of Governors

A full list of Governors is given on page 15-17 of these financial statements.

Mrs Janet Frost acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditor and reporting accountants:

Mazars LLP
Chartered Accountants
Registered Auditor
One St Peter's Square
Manchester
M2 3DE

Internal auditors:

ICCA Education Training and Skills Limited
The McLaren Building
46 The Priory Queensway
Birmingham
B4 7LR

Bankers:

Santander UK plc
7th Floor
No 4, St Paul's Square
Liverpool, L3 9SJ

Solicitors:

Mills and Reeve
The Technology Centre
103 Oxford Road
Manchester
M1 7ED

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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 The Oldham College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The Corporation was incorporated as The Oldham College.

Principal Activities

Oldham College is a vocational college and is committed to delivering work relevant and employment focussed education and training, to the highest academic, technical and professional standards.

Our Mission (reason for being) is:

To deliver high quality technical and professional education and training which adds economic and social value to the communities of Oldham and Greater Manchester.

Our Vision (how the mission is delivered) is: To be a high performing, innovative, well managed, efficient and financially resilient organisation, which is the best place to learn and work, first choice for learners and employers, and a key strategic partner for both public and private sectors.

Our Values

Our values both inform our Mission and Vision and provide a set of principles that we are committed to following in order to make them happen. These set the tone and character of the organisation, so that people know what to expect of us, and we have clear boundaries around how we behave and how we make decisions. Our values are:-

- **Ambition** – for our learners and employers, for the College and ourselves, and for the town and City Region.
- **Integrity** – doing the right thing in the right way for the right reason.
- **Inclusion** – creating opportunities, challenging prejudice and removing barriers, across the community, irrespective of social background or characteristics and providing a genuinely comprehensive offer, tailored to the needs of individuals.
- **Responsiveness** – listening to learners, policymakers, employers and partners, so that we are relevant and always improving.
- **Courage** – not taking the easy way out, never giving in, and being brave when things are difficult.

Public Benefit

The Oldham College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 15-17.

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.

Report of the Governing Body (Continued)

Public Benefit (Continued)

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

- High-quality teaching and assessment
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs),

Implementation of strategic plan

The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's strategic priorities for 2020/21 were as follows:

Our Strategic Priorities

The Mission, Vision and Values of the college are, to some extent, unchanging. What is different is the context in which they are applied. We have considered the challenges we will meet in the next five years or so and how we might address them and have focussed on four main priorities:-

- **Reputation and specialism** – technical and professional education and training is our core business and is increasingly back in fashion. We believe it is a specialist type of learning and requires a special kind of expertise. We will deliver a broad curriculum to Level 3 and will develop our reputation as *the* local specialist in these areas. We will also develop a greater degree of specialisation at higher levels, and will aim to be the “go to” provider for learners and employers for Level 4, 5 and 6 qualifications in digitalisation, construction and health and social care.
- **High Performance** – for learners, for staff, and for the College as a whole. Our primary purpose is to produce high performing learners, who leave us with a set of skills, knowledge and behaviours that make a real difference in the world of work or in their community. We can only do this if our staff are high performing. We are committed, therefore, to being the best place to learn and the best place to work in technical and professional education and training. Within our field, we aim to be first choice for learners and employers and we plan to recruit, retain, develop and reward the best staff. And to achieve all of this, we must be a high performing organisation with the systems, resources, behaviour and culture which supports this ambition and have a strong reputation with external regulators, including Ofsted, the ESFA, the FE Commissioner and other key stakeholders.
- **Digitalisation and technology** – we are living in a period of rapid technological change and this affects us in two main respects. First, it is changing our business – education is changing and technology can help us to improve teaching, learning and assessment. Second, our curriculum is intimately related to the changing world of work, and technology is transforming all sectors of the economy. Helping our learners and employers to understand this and respond to it, is a key part of our job. It is through this that we can contribute to improving productivity, promoting economic growth, and supporting greater prosperity.

Report of the Governing Body (Continued)

Our Strategic Priorities (Continued)

- **Community** – the College is focussed on supporting employment for learners, and business growth and development for employers, but is also mindful of its wider contribution to Oldham and Greater Manchester. Adding “social value” as well as economic impact, is central to the College plan. This means we recognise our role in supporting local initiatives to support place making, the regeneration of Oldham, and the achievement of the community’s wider ambitions.

The College has made significant progress towards achieving its strategic objectives despite the interruptions created by Covid.

Financial objectives

The college has identified the following financial objectives as being key to the sustainable future:

- Produce free cash flows at a level which sustain debt repayments and proposed capital expenditure and eliminate the need for overdraft funding in 21/22 and beyond
- Comply with loan covenants and keep the bank informed of any possible breaches well in advance
- Invest capital expenditure in remodelling classroom space and IT equipment to enhance the learning experience and delivery models as well as the launch of T levels in three areas.
- Build flexibility into financial plans wherever possible to allow for mitigation in the event of downturns
- Eliminate dependence on the overdraft (continuing the process of replenishing reserves)
- Meet or move towards meeting FE Commissioner benchmarks

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (“ESFA”). The College is assessed by the ESFA as having a “good” financial health grading.

Financial Health

As at 31 July 2021 the College’s financial health score was ‘good’.

Future plans indicate the College’s financial health will continue to improve whilst remaining ‘good’ at 31 July 2022 and 31 July 2023.

Due to the nature and profiling of funding, The Oldham College experiences a shortage of incoming cash in the first quarter of the calendar year. The College has in place an overdraft facility of £3m, again with Santander UK plc and the requirement for an overdraft is not expected to exceed £500k. This will ensure that the College can cover the short term funding requirement of the early part of 2022.

Report of the Governing Body (Continued)

FINANCIAL POSITION

Financial results

The College generated a deficit before other gains and losses in the year of £907,000 (2020 – deficit of £971,000), with total comprehensive income of £158,000 (2020 - £4,322,000). The surplus/deficit is reported after £1,949,000 (2020 £1,690,000) of adjustment relating to FRS 102 – retirement benefits and the total comprehensive income after including actuarial gain on the scheme of £1,065,000 (2020 actuarial loss £3,199,000).

At 31 July 2021 the College had net assets of £3,948,000 (2020: £3,790,000) – this decrease represents as noted above the increase in the College’s liability for pension obligations under FRS102, now at £18,056,000 (2020: £17,172,000). This will only become a cash-risk in the long term.

Tangible fixed asset additions during the year amounted to £6,798,000 (2020: £3,410,000).

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21 the FE funding bodies provided 70.5% (2020: 67.9%) of the College total income.

The College achieved its financial objectives for the year despite continued Covid interruptions.

Developments

The College has launched its T level provision from September and has invested in industry standard facilities and expects the offer to result in substantial growth moving forward. The college also has a capital bid awaiting final approval that will consolidate its buildings onto one site.

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.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the College’s Grant Funding Agreements

Cash flows and liquidity

At £9,057,000 (2020: £5,246,000), net cash flow from operating activities was more than sufficient to cover interest and capital requirements. The College has unsecured loans of £8,170,000 (2020: £8,650,000) utilised to help finance three new buildings on its main site. The College also has an overdraft facility of £3 million to cover daily cash requirements. At the year end the College had a net cash position of £2,801,000 (2020: £1,492,000).

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College’s core activities. It is the Corporation’s intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

Report of the Governing Body (Continued)

Going concern

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

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Member's Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College primarily meets its day to day working capital requirements through cash generated from its day to day operations and an overdraft facility provided by Santander UK plc of £3m. It also has a loan with Santander, which at 31 July 2021 had a balance of £8.17m due for repayment over a period of 19 years.

The disruption caused by Covid has not significantly impacted on the College's going concern status.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

As stated above the college's financial health has returned to good as at 31 July 2021.

Student numbers

In 2020/21 the College has delivered activity that has produced £14,836,000 in funding body main allocation funding (2020 – £13,669,000). The college enrolled approximately 5,300 students. The college's student population includes 2,200 16-to-18-year-old students, 840 apprentices, 590 higher education students and 1,400 adult learners.

Student achievements

We are a good college with a clear vision, strategy and ambition to be outstanding. We are confident about the progress we have made so far and clear about the next steps of our journey, having made significant progress in improving retention, achievement and positive outcomes for learners and apprentices. We continue our focus on ensuring that every learner achieves their potential.

Due to the impact of Covid, achievement rates have not been published for 2020/21 and in line with that are not reproduced here

The College was re-inspected in December 2018 and was graded Good. The Ofsted report stated that "since the last inspection, senior leaders and governors have focused relentlessly on improving the college's financial position and the quality of education and training. They have been successful in returning the college to a stable financial position, while investing in significantly improving the accommodation and resources at the college. The quality of teaching, learning and assessment is now good."

Curriculum development

Oldham College is ready and fully prepared to meet the enormous post Covid economic and educational challenges which face Oldham and Greater Manchester over the next five to ten years. Much of our estate has been renewed and modernised, and we have reignited our commitment to expert and high quality teaching, learning and assessment. We are clear about our purpose, role and remit, and the contribution that we can and should make to national and local economic and educational outcomes.

Report of the Governing Body (Continued)

Curriculum development (Continued)

The college specialises in technical and professional education and training. We deliver a curriculum that addresses the current and future needs of the Greater Manchester and Oldham economy, whilst ensuring that the curriculum is responsive to national policy and programme changes including technical pathways, English and Maths and the Apprenticeship Levy. We have developed appropriate entry routes for all learner groups, whatever their starting points, with clear and coherent pathways to employment or higher education. Our curriculum is designed to remove barriers to learning, support skills development and maximise individual learner achievement and progression. Pathways are designed specifically for the industry or sector learners wish to work in. For some this is a mainly classroom based route, but most will have a considerable work-based element, and all Apprentices are employed and attend the College for their off the job training. All of the College provision is delivered in partnership with employers. It is the link between the educational setting and the workplace which makes technical and professional education and training unique and different. The college continues to invest in a Job Shop which provides a recruitment service, matching employer vacancies and needs with those students who can benefit from moving from classroom taught curriculum into the workplace.

The College has a national reputation for curriculum innovation and change. It has introduced new courses in many areas of the curriculum in order to meet student needs better. A particular strength is in making students ready for the next stage in their lives.

The college offers significant personal development opportunities to learners through Work Experience and Industry Placements and a broad range of enrichment activities, and welfare support. Further investment has been made in our Careers, Information, Advice and Guidance service improving impartial information and guidance at both entry and progression stages.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2020 to 31 July 2021, the College paid 91.6 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There are no significant events after the Balance Sheet date.

Future prospects

The College has returned to financial stability. Having reviewed its options, the College is now committed to remaining a stand-alone organisation and is confident that the improvements in financial health and quality support this. This position has been formally ratified by the FE Commissioner and regulatory bodies following the College's good Ofsted outcome.

Report of the Governing Body (Continued)

RESOURCES:

The College has various resources that it can deploy in pursuit of its strategic objectives.

Financial

At 31 July 2021 the College has £3,948,000 of net assets (2020: £3,790,000) including £18,056,000 pension liability (2020: £17,172,000). The College has loans of £8,170,000 negotiated for 18 year term.

People

During 2020/21, the College employed an average of 514 people (expressed as headcount), of whom 236 are teaching staff (2019/20: 504 people of whom 239 were teaching staff).

The college's ambition is to be a great place to learn, where teaching, learning and assessment are excellent. We have made a significant investment in teacher and assessor CPD through the creation of our Teaching for Distinction Programme. Teaching for Distinction is a modular programme which gives every teacher and assessor access to key concepts and techniques which define excellent teaching, learning and assessment. The aim of this programme is to place professional development at the centre of our strategy for improvement, providing a framework, common language and forums for developing and sharing best practice and for applying it in different settings

Reputation

The College has a good reputation locally, regionally and nationally. We work well with local and sub-regional partners to ensure our plans support and deliver the Greater Manchester Work and Skills Strategy and the Greater Manchester Apprenticeship Strategy.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

A risk register is maintained at the College level, which 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 the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

Report of the Governing Body (Continued)

1 Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2020/21, 70.5% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and introduction of the Apprenticeship Levy, and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reforms. The introduction of the apprenticeship levy has significantly affected the marketplace and has put pressure on the availability of funding for providers to support non-levy employers. The full implications are not yet known as government policy continues to develop.

The Government reform of apprenticeship includes the introduction of Apprenticeship Standards and the Apprenticeship Levy. This reform, together with the significant changes to funding, both in terms of the routing of funding and the move away from set national rates to funding bands for direct negotiation with employers, has had significant implications for 2018/19 onwards. The college has direct funding arrangements with levy paying employers through the Apprenticeship Service and a contract through the ESFA for non-levy apprenticeship (and this potentially restricts the amount of non-levy apprenticeship we are able to deliver). Non-levy employers have been able to use the Apprenticeship Service from 2020, and this will run dual run alongside contracts for a transition period.

We will also have direct contracts with employers for their mandatory contribution to apprenticeship which has been set at 5% where co-funding is required.

The above changes to Apprenticeship funding has necessitated significant development of our apprenticeship offer and infrastructure to implement the necessary changes in processes and procedures. The college has a well-developed plan to ensure we maximise our performance in Apprenticeships and continue to offer high quality progression pathways for our residents to enter employment. However, the introduction of the Levy and mandatory financial contributions from employers does create an additional risk to our Apprenticeship strategy that we continue to monitor and manage closely.

This risk is mitigated in a number of ways: Funding is derived through a number of direct and indirect contractual arrangements

- By ensuring the College is rigorous in delivering high quality education and training
- 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
- Regular dialogue with funding bodies

2 Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, The Oldham College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

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

Report of the Governing Body (Continued)

3 Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

This risk is mitigated by an agreed deficit recovery plan with the Greater Manchester Local Government Pension Scheme. The fund's triennial valuation was performed in March 2019 and the contribution rate was maintained for three years. The next triennial valuation is due in March 2022 and any change in employer contribution rates will be reflected in future budgets.

4 Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "good" as described above. The continuing challenge to the College's financial position remains the constraint on further education funding arising from the recent cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through meetings, targeted marketing and the College internet site

Report of the Governing Body (Continued)

Equality

The Oldham 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 publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. 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 College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

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

- a) Within the estates department the College has an expert in this field who ensures that all building works implemented are above the standards required to improve access.
- b) For a number of years the College has facilitated an Access Group, which is informed by students and staff of accessibility issues. The site is continually improving for staff and students and awareness of access issues are raised.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- 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.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college. The College have 6 employees with a total cost of facility time of £25,711 (2020: £12,222), which is 0.001% of total payroll.

Report of the Governing Body (Continued)

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by:



Jonathan Edwards
Chair of Governors

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. This opinion is based on the 2020-21 Annual Member Self-assessment and the review of compliance with the Code reported to the board on 14 December 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 20 October 2015. On 26 March 2019 the Corporation resolved to approve and implement the AoC Senior Staff Remuneration Code as an annex to the Code of Good Governance for English Colleges.

The College endeavours to conduct its business having due regard to the UK Corporate Code 2018 (“the code”) insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the Code. Its purpose is to help the reader of the accounts understand how the principles have been applied.

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

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

The Corporation

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

Name		Date of Appointment	Term of Office	Date of Resignation/ Retirement	Status of Appointment	Committee Served	Corporation Meetings Attendance 2020-21
Binnder	Joshua	30 March 2021	1 year	July 2021	Student Governor	C&Q	2/2
Bradbury	Graham	July 2014 Reappt Sept 2018	4 years		Staff Governor	Resources	6/6
Dixon	Shauna	1 December 2019	4 years		Governor	Resources to July 21 C&Q – Sept 21 G&S – Sept 21 Remuneration – Sept 21	6/6

Name		Date of Appointment	Term of Office	Date of Resignation/ Retirement	Status of Appointment	Committee Served	Corporation Meetings Attendance 2020-21
Edwards	Jonathan	October 2010 Reappt September 2018	4 years		Governor	Chair of the Corporation Resources G&S Remuneration	6/6
Francis	Alun				Ex officio College Principal	G&S Resources C&Q Remuneration	6/6
Gardiner	Alexandra	6 July 2021	4 years		Governor	Resources – Sept 21	1/1
Gornall	Anne	October 2014 Reappt Oct 2018	4 years		Governor (Vice Chair of Corporation)	C&Q (Chair) Remuneration (Vice Chair) G&S (Vice Chair)	6/6
Guy	Richard	1 December 2017	4 years		Governor	C&Q	6/6
Hann	Katrina	1 December 2018 1 December 2019 1 February 2020	1 year 1 year 4 years	Resigned July 2021	External Member External Member Governor	Audit (Chair)	0 (Maternity leave)
Harrison	Bob	December 2017	4 years	Resigned July 2021	Governor	C&Q	4/5
Jackson- Leafield	Mike	1 October 2017	4 years	Retired October 2021	Staff Governor	C&Q	4/6
Kershaw	Sue	1 December 2018	4 years		Governor	Resources (Chair) G&S Remuneration	6/6
Mushtaq	Dr. Shaid	October 2012 Reappointed October 2016 Reappointed October 2020	4 years		Governor	Remuneration (Chair from Oct 21) C&Q	6/6
Newton	Nigel	June 2015 Reappt July 2019	4 years		Governor	Remuneration (Chair) to Oct 2021	3/6
Rahman	Mohamm ed Alaur	October 2021	4 years		Staff Governor	C&Q	n/a
Raza	Ali	30 March 2021	1 year		Student Governor	Resources	2/2

Name		Date of Appointment	Term of Office	Date of Resignation/ Retirement	Status of Appointment	Committee Served	Corporation Meetings Attendance 2020-21
Smart	Laura	September 2016 Reappointed September 2020	4 years		Governor	Audit	5/6
Shelton	Jane	1 February 2020 15 December 2020	1 year 4 years		External member Governor	Audit	6/6
Swain	Andrew	1 February 2020 15 December 2020	1 year 4 years		External member Governor	Resources	6/6
Unwin	Lorna	February 2018 December 2018	1 year 4 years		Governor	C&Q Audit	6/6
Torrington	Dawn	15 December 2020	1 year	Resigned October 2021	External member	Resources	5/6
Hoque	Mashukul	30 March 2021	1 year		External Member	Resources	2/2
Kay	David	30 March 2021	1 year		External Member	Audit	1/2
Rafique	Tariq	14 December 2021	1 year		Governor	Audit	N/A
Siddique	Shanaz	14 December 2021	1 year		Governor	C&Q	N/A

Statement of Corporate Governance and Internal Control

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 each term.

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 Curriculum and Quality, Governance and Search, Resources, Audit and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at Oldham.ac.uk or from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

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

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

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

COVID-19:

The Corporation and committee met virtually throughout the lockdown period and the practise of virtual and hybrid meetings post September 2021 have continued. The Corporation continued to conduct its business and fulfil its statutory duties with business not affected due to the changes in the format of business.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance and Search Committee, consisting of six members of the Corporation (including the Principal), which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

In considering the Code's statement that governors should not normally serve for more than two terms (or a maximum of eight years) except where subsequently undertaking a new and more senior role, for example as Chair, the Corporation approved one exception during 2019/20. This appointment was made in recognition of the need to maintain a level of experience on the Board where there was a number of new members still serving their first term of office.

Statement of Corporate Governance and Internal Control (Continued)

Corporation performance

The corporation meets termly and receives reports on Student Recruitment, Success and Retention, Financial updates and Management Accounts, HR report, Safeguarding report, Equality and Diversity reports, Risk Management reports and Marketing Plans. It agrees budgets, KPI's, policies and strategic plans.

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2020 and graded itself as good on the Ofsted scale.

Going concern

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

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Member's Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College primarily meets its day to day working capital requirements through cash generated from its day to day operations and an overdraft facility provided by Santander UK plc of £3m. It also has a loan with Santander, which at 31 July 2021 had a balance of £8.17m due for repayment over a period of 18 years.

Remuneration Committee

The Corporation adopted the AoC Senior Staff Remuneration Code as an annex to the Code of Good Governance for English Colleges March 2019.

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised five members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

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

Audit Committee

The Audit Committee comprised four members of the Corporation (excluding the Accounting Officer (The Principal) and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

Statement of Corporate Governance and Internal Control (Continued)

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.

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 Financial Memorandum between The Oldham College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Oldham College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

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)

Risks faced by the corporation

Governors have the responsibility for overseeing risk management within the College. The Principal and Senior Management team ensure that the College has a robust process for risk assessment and risk management. They have overall responsibility for the risk management process with a key task of identifying and evaluating the significant risks faced by the College for consideration by the Audit Committee and the Board of Governors.

Through its senior post holder, Principalship, and business review meetings it manages risk and the mitigation of identified risks. The SMT will:

- Take overall responsibility for the administration and implementation of the risk management process:
- Identify and evaluate the significant risks faced by the College for consideration by the Audit Committee and the Board:
- Provide adequate information in a timely manner to the Audit Committee and the Board and other Committees on the status of risks and controls:
- Report on changes to strategic risks and updates to the key operating risk register at each meeting of the Corporation:
- Support the Audit Committee to undertake an annual review of effectiveness of the system of internal control and the risk management process and provide a report to the Board. Under SFA guidance a Statement of Corporate Governance and Internal Control must be included in the audited financial statements of the College.

The Covid pandemic had a major impact on the College's risk profile and all risks were reviewed regarding its impact on them and appropriate actions taken to reduce those risk where possible.

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 also believes the Corporation has effective internal controls in place.

Based on the work of the internal audit service undertaken during the year, and the implementation by management of previous internal audit recommendations, the audit service can provide the Audit Committee and Corporation with Reasonable Assurance that Oldham College's governance, risk management, and systems of internal control were operating adequately and effectively, and that there were no instances where any breakdown of control resulted in a material discrepancy. In the opinion of the audit service, the College has adequate and effective governance, risk management, and systems of internal control in place to manage the achievement of its objectives and securing economy, efficiency and effectiveness.

No significant control issues were identified in 2020/21 as a result of work undertaken

The Internal audit service successfully delivered the Audit Plan and regularly reported back to the Audit Committee on progress. The Internal Audit Annual Report details the completed eight internal audits carried out in 2020/21. The audits covered a range of systems, business areas and systems of internal control. As a result of this work five 'substantial assurance' opinions and three 'reasonable assurance' opinions were issued. No 'limited assurance' opinions were issued.

Statement of Corporate Governance and Internal Control (Continued)

The areas of review included:-

Internal Audit Opinions and Recommendations 2020/21				
	Audit Title	Design	Application / Compliance	Overall Assurance
1.	ESFA Mock Funding Audit	Good	Adequate	Reasonable
2.	Examinations	Good	Good	Substantial
3.	HE Review	Good	Good	Substantial
4.	HR and Payroll	Good	Adequate	Substantial
5.	Student Journey Blended Learning	Good	Adequate	Reasonable
6.	Marketing Strategy	Adequate	Good	Substantial
7.	Follow-up of Previous Internal Audit Recommendations	N/A	N/A	Reasonable

There were no delays to internal audit or other governance procedures due to Covid-19.

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer (Principal) 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 Principal and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes 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.

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

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by:

Signed

Handwritten signature of Alun Francis in black ink, consisting of the letters 'A.F.' with a horizontal line underneath.

Alun Francis
Accounting Officer
Date 16/12/2021

Signed

Handwritten signature of Jonathan Edwards in blue ink, appearing as a stylized cursive script.

Jonathan Edwards
Chair of Governors
Date 16/12/2021

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreement 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 and contracts with the ESFA.

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.

Signed



Alun Francis
Accounting Officer
Date 16/12/2021

Signed



Jonathan Edwards
Chair of Governors
Date 16/12/2021

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

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 have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the college.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by



Jonathan Edwards
Chair of Governors

Independent auditor's report to the members of Oldham College

Opinion

We have audited the financial statements of Oldham College (the 'College') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its deficit of expenditure over income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent auditor's report to the Corporation of Oldham College (Continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 25, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the Corporation of Oldham College (Continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the ESFA funding agreements, the OFS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Members of the Corporation and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Independent auditor's report to the Corporation of Oldham College (Continued)

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square

Manchester

M2 3DE

Date: 16 December 2021

To: The corporation of Oldham College and Secretary of State for Education acting through Education and Skills Funding Agency (“ESFA”)

In accordance with the terms of our engagement letter dated 25 October 2021 and further to the requirements and conditions of funding in the ESFA’s grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Oldham College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of Oldham College and the reporting accountant

The corporation of Oldham College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

To: The corporation of Oldham College and Secretary of State for Education acting through Education and Skills Funding Agency (“ESFA”) and Greater Manchester Combined Authority (Continued)

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College’s regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College’s completed self-assessment questionnaire on regularity.
- Read the funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College’s whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Mazars LLP

Mazars LLP

One St Peter’s Square

Manchester

M2 3DE

Date: 16 December 2021

Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£'000	£'000
INCOME			
Funding body grants	2	18,819	17,245
Tuition fees and education contracts	3	6,503	6,445
Other grants and contracts	4	648	908
Other income	5	712	787
Total income		26,682	25,385
EXPENDITURE			
Staff costs	6	19,030	18,031
Other operating expenses	7	6,323	6,036
Depreciation	10	1,494	1,488
Interest and other finance costs	8	740	801
Total expenditure		27,587	26,356
Deficit before other gains and losses		(905)	(971)
Loss on disposal of assets		(2)	-
Deficit before tax		(907)	(971)
Taxation	9	-	-
Deficit for the year		(907)	(971)
Actuarial gain/(loss) in respect of pensions schemes	15 & 21	1,065	(3,351)
Total comprehensive income for the year		158	(4,322)

The statement of comprehensive income is in respect of continuing activities.

Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2019	(3,679)	11,791	8,112
Deficit from the income and expenditure account	(971)	-	(971)
Other comprehensive income	(3,351)	-	(3,351)
Transfers between revaluation and income and expenditure reserves	252	(252)	-
	<hr style="border-top: 1px solid black;"/> (4,070)	<hr style="border-top: 1px solid black;"/> (252)	<hr style="border-top: 1px solid black;"/> (4,322)
Balance at 31 July 2020	<hr style="border-top: 1px solid black;"/> (7,749)	<hr style="border-top: 1px solid black;"/> 11,539	<hr style="border-top: 1px solid black;"/> 3,790
Deficit from the income and expenditure account	(907)	-	(907)
Other comprehensive income	1,065	-	1,065
Transfers between revaluation and income and expenditure reserves	252	(252)	-
	<hr style="border-top: 1px solid black;"/> 410	<hr style="border-top: 1px solid black;"/> (252)	<hr style="border-top: 1px solid black;"/> 158
Balance at 31 July 2021	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 3px double black;"/> (7,339)	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 3px double black;"/> 11,287	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 3px double black;"/> 3,948

Balance sheet as at 31 July

		Notes	
		2021	2020
		£'000	£'000
Fixed assets			
Tangible Fixed assets	10	52,016	46,714
		52,016	46,714
Current assets			
Stocks		12	12
Trade and other receivables	11	971	1,760
Cash and cash equivalents	16	2,801	1,492
		3,784	3,264
Less: creditors – amounts falling due within one year	12	(5,298)	(4,501)
Net current liabilities		(1,514)	(1,237)
Total assets less current liabilities		50,502	45,477
Creditors – amounts falling due after more than one year	13	(27,192)	(23,133)
Provisions			
Defined benefit obligations	21	(18,056)	(17,172)
Other provisions	15	(1,306)	(1,382)
Total net assets		3,948	3,790
Unrestricted reserves			
Income and expenditure account		(7,339)	(7,749)
Revaluation reserve		11,287	11,539
Total unrestricted reserves		3,948	3,790

The financial statements on pages 32 to 57 were approved and authorised for issue by the Corporation on 16 December 2021 and were signed on its behalf on that date by:



Jonathan Edwards
Chair of Governors



Alun Francis
Accounting Officer

Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Deficit for the year		(907)	(971)
Adjustment for non-cash items			
Depreciation	10	1,494	1,488
Increase in stocks		-	-
Increase in debtors	11	789	(850)
Increase in creditors due within one year	12	797	1,383
Increase in creditors due after one year	13	4,539	2,070
(Decrease)/ Increase in provisions	15	(76)	85
Pensions costs less contributions payable		1,949	1,538
Adjustment for investing or financing activities			
Interest payable	8	470	503
Loss on sale of fixed assets	10	2	-
Net cash flow from operating activities		<u>9,057</u>	<u>5,246</u>
Cash flows from investing activities			
Payments made to acquire fixed assets	10	(6,798)	(3,410)
		<u>(6,798)</u>	<u>(3,410)</u>
Cash flows from financing activities			
Interest paid	8	(470)	(503)
Repayments of amounts borrowed		(480)	(480)
		<u>(950)</u>	<u>(983)</u>
Increase in cash and cash equivalents in the year		<u>1,309</u>	<u>853</u>
Cash and cash equivalents at beginning of the year	16	1,492	639
Cash and cash equivalents at end of the year	16	2,801	1,492

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Legal Status

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

Principal Activities

Oldham College is a vocational college and is committed to delivering work relevant and employment focussed education and training, to the highest academic, technical and professional standards.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Going concern

The College primarily meets its day to day working capital requirements through cash generated from its day to day operations and an overdraft facility provided by Santander of £3m. It also has a loan with Santander, which at 31 July 2021 had a balance of £8.17m due for repayment over a period of 18 years. Despite the Balance Sheet showing net current liabilities, the College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

The College going concern has not been significantly impacted by Covid.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

Notes to the Accounts (Continued)

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Revenue grant funding (continued)

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Non-capital grant funding

Non-capital Government grants are recognised in line with FRS102 when there is reasonable assurance that the College will comply with any conditions attached to the grant and that the grant will be received. The grant is then recognised as income over the period necessary to match them with related costs for which they intended to compensate, on a systematic basis.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Notes to the Accounts (Continued)

Greater Manchester Government Pension Scheme (LGPS)

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

Greater Manchester Government Pension Scheme (LGPS) (Continued)

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

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

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

All Land and buildings inherited from the Local Education Authority are stated in the balance sheet at deemed cost on a frozen valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of between 5 and 64 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 60 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Notes to the Accounts (Continued)

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2015, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to revenue expenditure in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- plant and machinery 10 years
- motor vehicles 5 years
- computer equipment 3 - 8 years
- furniture, fixtures and fittings 5 - 7 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Notes to the Accounts (Continued)

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Notes to the Accounts (Continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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. In particular, the College has determined a conditional peppercorn 25 year lease on the former UTC building granted by the DFE, therefore at an undervalue should be accounted for as operating lease and as a non-monetary grant, on an annual recurring basis due to its conditionality.
- Determine whether there are indicators of impairment of the college tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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 and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The estimation of the actual lives of assets is also utilised to calculate Capital grant release periods.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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.

2 Funding body grants

	2021	2020
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	2,742	3,140
Education and Skills Funding Agency – 16-18	12,419	10,931
Education and Skills Funding Agency – apprenticeships	2,033	2,174
Office for Students	263	211
Specific grants		
Teachers Pension Scheme Contribution Grant	411	451
Releases of government capital grants	393	338
Notional grant – lease provided at undervalue	558	-
Total	18,819	17,245

Notes to the Accounts (Continued)**2. Funding Body grants (Continued)**

On 1 September 2020, the College took occupation of the former UTC building on Middleton Road, under a conditional 25-year lease granted by the DFE at a peppercorn rent. This is considered a transaction at an undervalue with its funding body. Therefore, the notional amount of rent, £558,000 not charged is included in the accounts as a notional revenue grant and a notional rent paid. The full value of the lease is £13.2m.

3 Tuition fees and education contracts

	2021	2020
	£'000	£'000
Adult education fees	136	214
Apprenticeship fees and contracts	42	50
Fees for FE loan supported courses	453	577
Fees for HE loan supported courses	3,901	4,188
Total tuition fees	<u>4,532</u>	<u>5,029</u>
Education contracts	<u>1,971</u>	<u>1,416</u>
Total	<u><u>6,503</u></u>	<u><u>6,445</u></u>

4 Other grants and contracts

	2021	2020
	£'000	£'000
Other grants and contracts	590	839
Coronavirus Job Retention Scheme Grant	58	69
Total	<u><u>648</u></u>	<u><u>908</u></u>

5 Other income

	2021	2020
	£'000	£'000
Catering and residences	49	59
Other income generating activities	516	601
Miscellaneous income	<u>147</u>	<u>127</u>
Total	<u><u>712</u></u>	<u><u>787</u></u>

Notes to the Accounts (Continued)

6 Staff costs

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

	2021	2020
	No.	No.
Teaching staff	236	239
Non-teaching staff	278	265
	<u>514</u>	<u>504</u>
Staff costs for the above persons		
	2021	2020
	£'000	£'000
Wages and salaries	13,149	12,630
Social security costs	1,207	1,164
Other pension costs	4,030	3,513
	<u>18,386</u>	<u>17,307</u>
Payroll sub total		
Contracted out staffing services	564	565
	<u>18,950</u>	<u>17,872</u>
Restructuring costs – Contractual	80	159
	<u>19,030</u>	<u>18,031</u>
Total Staff costs		

Notes to the Accounts (Continued)

6 Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Principalship Team which comprises the Principal, Deputy Principal, Vice Principal, Directors and Assistant Principals. Staff costs include compensation paid to key management personnel for loss of office.

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

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	9	9

The number of key management personnel and other staff who received annual FTE emoluments (above £60k), excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other Staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£35,001 to £40,000 p.a.	1	1	-	-
£55,001 to £60,000 p.a.	1	2	-	-
£60,001 to £65,000 p.a.	1	-	1	-
£65,001 to £70,000 p.a.	-	2	-	-
£70,001 to £75,000 p.a.	2	-	-	-
£75,001 to £80,000 p.a.	-	1	-	-
£80,001 to £85,000 p.a.	1	-	-	-
£90,001 to £95,000 p.a.	-	1	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£100,001 to £105,000 p.a.	-	1	-	-
£105,001 to £110,000 p.a.	1	-	-	-
£180,001 to £185,000 p.a.	-	1	-	-
£185,001 to £190,000 p.a.	1	-	-	-
	<u>9</u>	<u>9</u>	<u>1</u>	<u>-</u>

The two posts in the table above are the only staff in the College with a basic salary over £100,000.

Key management personnel emoluments are made up as follows:

	2021	2020
	£'000	£'000
Salaries	768	752
Employers National Insurance	95	93
	<u>863</u>	<u>845</u>
Pension contributions	91	78
	<u>954</u>	<u>923</u>

Notes to the Accounts (Continued)**6 Staff costs (continued)**

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

	2021	2020
	£'000	£'000
Salaries	154	153
	154	153
Payments in lieu of pension	32	30
Total Emoluments	186	183

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principals. The remuneration package of the Principal, Deputy Principal and Finance Director is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

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

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

	2021	2020
	£	£
Principal and Chief Executive basic salary as a multiple of the median of all staff	5.69	5.33
Principal and Chief Executive total remuneration as a multiple of the median of all staff	5.97	5.78

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

Notes to the Accounts (Continued)**7 Other operating expenses**

	2021	2020
	£'000	£'000
Teaching costs	1,156	999
Non-teaching costs	3,526	3,308
Premises costs	1,641	1,729
	<hr/>	<hr/>
Total	6,323	6,036
	<hr/> <hr/>	<hr/> <hr/>

Other operating expenses include:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	33	26
Internal audit	19	17
Other services provided by the auditors	3	-
Hire of other assets under operating leases	55	84
Hire of land and building under operating leases	425	434
Notional grant – lease provided at undervalue	558	-
Bad Debts	86	159
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

On 1 September 2020, the College took occupation of the former UTC building on Middleton Road, under a conditional 25 year lease granted by the DFE at a peppercorn rent. This is considered a transaction at an undervalue with its funding body. Therefore the notional amount of rent, £558,000 not charged is included in the accounts as a notional revenue grant and a notional rent paid. The full value of the lease is £13.2m

8 Interest and other finance costs

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	470	503
	<hr/>	<hr/>
	470	503
Finance cost on enhanced pension (note 15)	18	25
Pension finance costs (note 21)	252	273
	<hr/>	<hr/>
Total	740	801
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts (Continued)**9 Taxation**

The members of the corporation do not believe that the College was liable for any Corporation tax arising out of its activities during this period (2020: nil).

10 Tangible fixed assets

	Land and buildings	Equipment	Assets in the Course of Construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	47,006	6,103	3,228	56,337
Additions	5,025	1,568	205	6,798
Transfer of assets under construction	2,916	289	(3,205)	-
Disposals	-	(29)	-	(29)
At 31 July 2021	54,947	7,931	228	63,106
Depreciation				
At 1 August 2020	4,830	4,793	-	9,623
Charge for the year	875	619	-	1,494
Elimination in respect of disposals	-	(27)	-	(27)
At 31 July 2021	5,705	5,385	-	11,090
Net book value at 31 July 2021	49,242	2,546	228	52,016
Net book value at 31 July 2020	42,176	1,310	3,228	46,714

Land and buildings were valued in 2015 at frozen valuation of depreciated replacement cost by Roger Hannah & Co. a firm of independent chartered surveyors.

Assets in the course of construction represent the cost to date of the T level Capital Building and Facilities Improvement Fund.

The College's freehold land and buildings are subject to a charge held by Santander issued on 18 June 2020 and the construction centre, costs currently included in assets under construction is secured by a second charge in favour of the GMCA, also issued on 18 June 2020.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	42,880
Aggregate depreciation based on cost	5,818
Net book value based on cost	37,062

Notes to the Accounts (Continued)**11 Trade and other receivables**

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	170	218
Prepayments and accrued income	573	966
Amounts owed by the ESFA	228	131
Amounts owed by the GMCA	-	445
Total	971	1,760

12 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Bank loans and overdrafts (Note 14)	480	480
Trade payables	664	1,188
Other taxation and social security	312	299
Accruals and deferred income**	1,581	1,327
Deferred income - government capital grants	695	336
Deferred income - government revenue grants	913	-
Amount owed to ESFA	144	158
Amount owed to ESFA – Prepaid grant	419	-
Amount owed to GMCA – Prepaid grant	90	713
Total	5,298	4,501

(** Accruals and deferred income includes holiday pay accrual of £190k (2020: £190k))

13 Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Bank loans (Note 14)	7,690	8,147
Deferred income - government capital grants	19,502	14,963
Total	27,192	23,133

Notes to the Accounts (Continued)**14 Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	2021	2020
	£'000	£'000
In one year or less	480	480
Between one and two years	480	480
Between two and five years	1,440	1,440
In five years or more	5,770	6,250
Total	<u>8,170</u>	<u>8,650</u>

The College has in place two fixed interest loans for £6m and £4m over 18 years. The College repaid its previous loan as part of this financing, thus consolidating the loans with one bank. The original loan has an outstanding balance of £443k which attracts interest at a variable rate. The interest rate has been fixed at 5.79% for the 13 year period until 2027 on the £4m loan and 5.66% for the 13 year period until 2029 on the £6m loan. These loans and the college's overdraft facility were unsecured until 18 June 2020 at which date a charge was taken by Santander against the College's freehold land and buildings

The grant provided to build the construction centre is secured by a second charge in favour of the GMCA, also issued on 18 June 2020.

15 Provisions

	Enhanced pensions
	£'000
At 1 August 2020	1,382
Expenditure in the period	(94)
Financing Cost	18
Actuarial losses over year	-
At 31 July 2021	<u>1,306</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employment from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.6%	2.2%
Discount rate	1.6%	1.3%

Notes to the Accounts (Continued)

16 Cash and cash equivalents

	At 1 August 2020	Cash flows	At 31 July 2021
	£'000	£'000	£'000
Cash and cash equivalents	1,492	1,309	2,801
Total	1,492	1,309	2,801

17 Capital and other commitments

	2021	2020
	£'000	£'000
Commitments contracted for at 31 July	705	4,802

18 Lease obligations

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

	2021	2020
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	474	474
Later than one year and not later than five years	1,541	1,896
Later than five years	-	119
	<u>2,015</u>	<u>2,489</u>
Other		
Not later than one year	7	41
Later than one year and not later than five years	-	7
	<u>7</u>	<u>48</u>
Total lease payments due	<u><u>2,022</u></u>	<u><u>2,537</u></u>

19 Contingent liabilities

There are no material contingent liabilities.

Notes to the Accounts (Continued)**20 Events after the reporting period**

There were no significant events after the reporting period

21 Defined benefit obligations

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 Greater Manchester Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are multi-employer defined-benefit plans.

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.

Total pension cost for the year	2021	2020
	£000	£000
Teachers' Pension Scheme: contributions paid	1,435	1,274
Local Government Pension Scheme:		
Contributions paid	894	821
FRS 102 (28) charge	1,697	1,417
Charge to the Statement of Comprehensive Income	2,591	2,238
Total Pension Cost for Year within staff costs	4,026	3,512

Contributions amounting to £263k (2020 £245k) were payable to the scheme at 31st July and are included within creditors.

Notes to the Accounts (Continued)

21 Defined benefit obligations (continued)

Teachers' Pension Scheme

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

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

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

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

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

Valuation of the Teachers' Pension Scheme

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the liability during the 2020-21 academic year.

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

The pension cost paid to TPS in the year amounted to £1,463k (2020: £1,275k)

Notes to the Accounts (Continued)**21 Defined benefit obligations (continued)****Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contributions made for the year ended 31 July 2021 were £1,171,000, of which employer's contributions totalled £869,000 and employees' contributions totalled £327,000. The agreed contribution rates for future years are 16.8% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

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	3.55%	2.90%
Future pensions increases	2.80%	2.10%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.80%	2.20%
Commutation of pensions to lump sums	55%	55%

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

	At 31 July 2021	At 31 July 2020
	years	Years
<i>Retiring today</i>		
Males	20.5	20.5
Females	23.3	23.1
<i>Retiring in 20 years</i>		
Males	21.9	22.0
Females	25.3	25.0

Allowing for index returns, the estimated split of assets as at 31 July 2020 is shown below:

	At 31 July 2021	At 31 July 2020
Equities	70.0%	67.0%
Bonds	15.0%	18.0%
Property	7.0%	7.0%
Cash	8.0%	8.0%

Notes to the Accounts (Continued)

21 Defined benefit obligations (continued)

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

	2021	2020
	£'000	£'000
Fair value of plan assets	50,216	41,720
Present value of plan liabilities	(68,272)	(58,892)
Net pensions (liability)	<u>(18,056)</u>	<u>(17,172)</u>

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Current service cost	2,489	2,189
Past service cost	49	34
Total	<u><u>2,538</u></u>	<u><u>2,223</u></u>
Interest and finance costs		
Pension finance costs	(252)	(273)
	<u>(252)</u>	<u>(273)</u>
Amount recognised in other comprehensive income		
Return on pension plan assets less amounts recognised in net interest cost	7,734	(2,138)
Changes in assumptions underlying the present value of plan liabilities	(6,669)	(1,061)
Amount recognised in other comprehensive income	<u><u>1,065</u></u>	<u><u>(3,199)</u></u>

Notes to the Accounts (Continued)

21 Defined benefit obligations (continued)

Movement in net defined benefit liability during year

	2021	2020
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(17,172)	(12,283)
Movement in year:		
Current service cost	(2,489)	(2,189)
Employer contributions	841	806
Past service cost	(49)	(34)
Net interest on the defined liability	(252)	(273)
Actuarial gain or loss	1,065	(3,199)
Net defined benefit liability at 31 July	(18,056)	(17,172)

Asset and liability reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	58,892	55,057
Current service cost	2,489	2,189
Interest cost	837	1,175
Contributions by Scheme participants	320	314
Changes in financial and demographic assumptions	6,669	1,061
Estimated benefits paid	(984)	(938)
Past service cost	49	34
Defined benefit obligations at end of period	68,272	58,892

Changes in fair value of plan assets

Fair value of plan assets at start of period	41,720	42,774
Interest on plan assets	585	902
Return on plan assets excl. amounts incl. in net interest	7,734	(2,138)
Employer contributions	841	806
Contributions by Scheme participants	320	314
Estimated benefits paid	(984)	(938)
Fair value of plan assets at end of period	50,216	41,720

Notes to the Accounts (Continued)

21 Defined benefit obligations (continued)

These accounts show a past service cost of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 0.49% of the total scheme liability as at 31 March 2020. The calculation of adjustment to past service costs, £268k, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the life expectancy were to increase by one year this would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual costs of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages.)

22 Related party transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. There have been no related party transactions that meet the definition under FRS 102.

The total expenses paid to or on behalf of the Governors during the year was £140; 1 governor (2020: £569; 2 governors). 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 or its subsidiaries during the year (2020: None).

Notes to the Accounts (Continued)**23 Amounts disbursed as agent****Learner support funds**

	2021	2020
	£'000	£'000
Funding body grants – Bursaries	676	672
	<u>676</u>	<u>672</u>
Disbursed to students	(298)	(420)
Administration costs	(25)	(33)
Balance unspent as at 31 July, included in creditors	<u>353</u>	<u>219</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. Grants relating to free school meals and discretionary learner funds are treated within the income and expenditure account and are therefore no longer included in this note. The comparative figures for the previous year have been adjusted accordingly.

24 Widening Participation**Access and Participation Expenditure**

	2021
	£'000
Access Investment	180
Financial support provided to students	140
Progression Investment	96
Success Investment	335
Support For Disabled Students	38
Research and evaluation expenditure	25
Total	<u>814</u>

The total of the approved expenditure in our Access and Participation Plan for the year ended 31 July 2021 was £887,461. Student fees higher income was £753,625 which is a reduction of £138,155 compared with the target. Included in the financial support is £60k of additional income provided by the OfS for financial hardship for students. Also included within this expenditure are staff costs amounting to £504,416 which are already included in the financial statements, note 7.

As set out in the accounts direction (OfS 2019.41), no comparatives have been given as the prior year expenditure relates to the Widening Participation Plan and the amounts are not comparable.

Details of the approved plan can be found at, http://www.uco.oldham.ac.uk/wp-content/uploads/2021/02/TheOldhamCollege_APP_2020-21_V1_10006770.pdf