



**John
Leggott
College**
REPORT OF
GOVERNING
BODY AND
FINANCIAL
STATEMENTS
for the year
ended 31 July
2021

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

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

Leon Riley Principal and CEO, Accounting Officer

Claire Holmes Deputy Principal

Howard Darwin Assistant Principal

Kelly Rinaldi Assistant Principal

Julie Hirst Director of Finance and Resources

Becky Robinson Director of Governance

Board of Governors

A full list of Governors is given on page 17 of these financial statements.
Becky Robinson acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Bankers

Barclays Bank plc
81 High Street
Scunthorpe
DN15 6LZ

Lloyds Bank plc
106 High Street
Scunthorpe
DN15 6HG

Solicitors

Wilkin Chapman LLP
Cartergate House
26 Chantry Lane
Grimsby
DN31 2LJ

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John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

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 John Leggott College (the College). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Background to the College

John Leggott College is an open access sixth form College established in 1968 with a primary focus on the education of full time 16-19 year olds. It is situated on an attractive green field site in a residential part of Scunthorpe. It has an excellent reputation throughout North Lincolnshire and beyond for providing high quality education in a supportive environment. The College successfully serves the needs of secondary schools and one secondary special school in North Lincolnshire as well as students from outside the local area. It has a day-time cohort of over 1,750 students, some of whom travel up to 30 miles a day to study (from Goole, Snaith, Howden, Thorne, Grimsby and Gainsborough). The College offers a wide range of subjects including General Certificate of Education Advanced Level (GCE A-level), BTEC level 3, GCSE, BTEC level 2, Art Foundation and a small number of Foundation and Entry Level students.

The College directly recruits international students many of whom travel over 6000 miles to access programmes of study.

The College Vision and Mission

The College vision is to be an outstanding provider of education that prepares its learners for progression and achievement. It's mission is to create an inclusive community, where the learner is at the centre of what we do, with a sense of belonging that challenges and inspires through consistently high quality teaching, support and care.

Public Benefit

John Leggott College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 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 17.

We, at John Leggott College, see huge opportunities to develop in the next period of our history and to make our vision a reality. Through our vision statement we make clear not only our ambitions for success and progression. We are a College with a strong desire to innovate and develop new approaches to teaching and learning. We value the progressive work of our professional workforce and we want our learners to push to the highest standards.

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
- 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)

Strategic Plan

Implementation of the Strategic Development Plan

In 2021 the College prepared a Strategic Development Plan for the period 2021-2024. The Development Plan includes strategic aims and objectives and the delivery targets for 2021-2024. The Corporation monitors the performance of the College against these plans. The plans will be reviewed each year.

During the Spring of 2020 the global Covid pandemic had a major impact on the previous College Strategy. There were implications across the College community in terms of health and wellbeing, outcomes for learners and on the financial performance of the College. The financial impact on our activities in 2019-20 and 2020 -21 was most noticeable on our non ESFA funded provision and our commercial activity. The College produced the budget for 20-21 during the spring and summer of 2020 at that point the true impact on our international income in particular was not clear and the outcome was significantly below the modest budget, there were reductions in both year 1 and our year 2's several of which did not return. The pandemic continued to close all College lettings and there was no International Summer school.

The additional costs especially in relation to the enforced digital strategy were significant. In addition there was additional expenditure over and above the amounts funded in relation to Mass testing. The additional costs of hygiene materials and signage continued to be substantial.

Financial Objectives

The College has over a number of years, seen significant change. The priority of the 2017-2020 strategic plan was to bring stability. This stability has now been achieved and sustained as the College moves to the start of its next strategic planning cycle. Key targets have been set for the coming year in order to sustain strong and stable financial health whilst making investment in College infrastructure.

REPORT OF THE GOVERNING BODY (CONTINUED)**Financial Objectives (continued)**

	2020/21	2021/22
ESFA* Funded Learners		
(*Education & Skills Funding Agency)	1649	1815
14-16 Learners	45	-
International Income	£600,000	£ 500,000
Other Income	£640,000	£ 575,000

All expenditure is mapped to ensure that the College achieves and sustains at least Good Financial Status by the end of the strategic plan and the College does not breach any of its banking covenants. The College predicts a positive outturn over the remainder of the plan. It will also strengthen its balance sheet.

Performance Indicators

The College uses the following KPIs to measure performance against financial plan:

KPI	Financial Plan	Actual
Staff costs as a percentage of income (excluding restructure costs)	64.36%	61.64%
Adjusted Current Ratio	1.22	1.78
Borrowing as a percentage of income	24.5%	24.75%
Performance Ratio	6.03%	15.24%
Reliance on ESFA income	86.39%	87.31%
Financial Health Score	190-Good	250-Outstanding

The College is committed to observing the importance of sector measures and indicators such as sixth form sector achievement rates.

The College is required to complete the annual Education and Skills Funding Agency ('ESFA') financial planning template which produces a financial health grading. The College currently had an assessed ESFA financial health grading of Outstanding in the financial year 2019-2020, this is expected to be Outstanding in 2020-21. In the years after 2021-22 the College anticipates being able to retain a health score of at least Good the next 3 years.

Financial Results

The College generated a surplus before other gains and losses in the year of £584,000 ((after £299,000 of FRS 102 (28) related costs) (2019-20 surplus of £167,000 after £264,000 of FRS 102 (28) related costs)), with total comprehensive income of £597,000 (2019-20 (£1,570,000)).

In 2020-21, the College was allocated an ESFA 16-18 allocation of £7,063,710 (2019-20 £6,821,597) equivalent to 1,580 FTE daytime students. Actual student numbers were equivalent to cohort of 1,648 FTE students.

REPORT OF THE GOVERNING BODY (CONTINUED)

Financial Results (Continued)

The College has accumulated reserves of £4,766,000 (2019-20 £4,152,000).

Tangible fixed asset additions during the year amounted to £724,449.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020-21 the funding bodies provided 87% (2019-20 89%) of the College's total income.

The financial impact of Covid in terms of income has been that tuition fee income has reduced against the original financial plan. In addition, the College had additional costs including health and safety, signage, IT and staffing costs. One of the major impacts of Covid was to increase the pace of the digital strategy as the College invested heavily in both laptops and cameras to teach remotely. The college took early action to mitigate some of these losses including operational savings and limited staff furlough and flexi furlough.

The single most significant impact of Covid in 2020 was an increase in LGPS pension liability which included a re-measurement of the net defined benefit liability this was reduced somewhat in 2021 of £29,000 (2020 £1,737,000).

Future Developments

The College works within the Advance Colleges Trust (ACT) partnership to actively share good practice, improve Teaching and Learning and the secure financial efficiencies across the Group. The Group has recently made a number of joint funding bids and has worked collaboratively in terms of digital strategy and employability.

The College as part of the ACT partnership has been successful with another CCF application. It is awaiting a decision on an ACT SDF fund bid. The College is also exploring the possibility of delivering T levels in 2023.

The College is also collaborating with other regional colleges on delivery of a successful FEPDG grant.

In terms of capital commitments these are set out in note 20. Commitments at the year end include completion of the Roofing Project in A block, completion of a new Esports Suite to meet curriculum need in the academic year and remodelling of the Careers and Guidance area within College.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows and its banking, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

All borrowing shall comply with the requirements of the College's Financial Regulations and the Funding Agreement.

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

REPORT OF THE GOVERNING BODY (CONTINUED)

Cash Flows and Liquidity

A net cash inflow of £1,821,000 (2019-20 Outflow £54,000) was generated from operating activities during the year.

The College cash flow forecasts for 2020-21 indicated that there was no requirement for an overdraft facility and thus the College has successfully managed its cash flows throughout the year. The College made loan repayments during the year of £209,000.

There was no overall adverse impact on cash flows due to Covid during the 2020-21 financial year. The College did not have to seek any additional financial support and did not have to provide any to its suppliers.

Reserves Policy

The College recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College has a requirement within its banking covenants to hold a minimum unrestricted reserves level of £3,000,000. As at the balance sheet date, unrestricted reserves were £4,766,000 (2019-2020 £4,152,000). The Corporation approved a Reserves policy in 2016-17 which was reviewed during 2020-21.

There has been a significant impact of Covid on the College reserves as a result of an increased liability on the LGPS pension liability. This has been seen across the sector as a whole and is not anticipated to improve until such time as a viable and effective vaccine is found.

Financial Health

The College has made positive and sustainable improvements in financial health over the last 3 years and now considers itself to have Outstanding Financial Health. There is a strong record of delivering results in line or in excess of the financial plan and it is anticipated that throughout the life of the current plan the College will remain at least a strong Good score.

Financial Plan

The College and its Corporation are committed to sustaining at least Good financial health for the period of the 3 year financial plan. The CFFR submitted in July 2021 indicated that the College would achieve at least good under both the existing and proposed methodology. The Plan indicates strong cash flows with improving cash days.

The plan is reviewed regularly and has been stress tested for the impact of ongoing capital bids. The College has consistently outperformed its strategic financial targets.

REPORT OF THE GOVERNING BODY (CONTINUED)

Student Numbers

The College is funded on a lagged basis according to the level of activity it generates each year.

The College enrolls primarily from ten 11-16 schools and one secondary special school in North Lincolnshire as well as recruiting students from outside the local area. Currently over 40% of learners come from out of area.

The College recruited a cohort of fee paying international students, currently 48 (2019-20 - 52).

Diverse groups of learners are expertly supported to successful programmes of study and the vast majority of ethnic groups perform at, or above college and national averages, as do learners with learning difficulties or disabilities.

Student Achievements

The College recruits students with a large range of qualifications on entry and delivers successful courses from Entry Level and basic life-skills, up to level 3. Most students achieve qualifications at level 3 with an even mix of general vocational and academic courses. Students are drawn from a diverse catchment including the local town, the wider local geographical area and internationally.

The College is very successful in terms of providing a springboard for progression to Higher Education, apprenticeships or employment and a greater than average number of students gain places in prestigious Russell Group universities – most commonly in courses related to science, technology and mathematics, linking to the industrial focus of the town, and also to the national skills-gap agendas and regional LEP priorities. Equally, the progression to specialist institutions with a strong reputation, such as the London School of Economics, is strong. LEP priorities are also well-served by strong recruitment to courses in areas such as 'Health' and 'Mathematics'. Progression from study programmes is very strong and above national rates – the vast majority of our learners progress to positive destinations consistently – mainly Higher Education, employment or apprenticeships.

The College was inspected by OFSTED in May 2018 and continues to be a 'good' provider.

The College and the vast majority of learners adapted very well to remote and blended learning during the recent and ongoing Covid crisis. General vocational courses, where college enrolments have increased and diversified have very strong outcomes with high-grade rates around 90%, now over 4 consecutive years and progress consistently in the top 10% nationally. Academic level 3 courses (A-Levels) have improved significantly, with high grade rates of 69% (A* to B). Students making progress in line with the top 2% against national benchmarks. Achievement of students in the college overall is very strong and amongst the top few colleges within our sector. For the last three years the college has been in the top 10 institutions nationally. Level 2 provision is equally strong, with a large group of learners resitting GCSE English or mathematics increasing their grades by +0.5 to +1.0 on average – against national rates between 0.0 and +0.1. Our 14-16 Academy, with a small group of learners –

REPORT OF THE GOVERNING BODY (CONTINUED)

Student Achievements (Continued)

often with complex needs – improved their academic progress to around +0.15 grades above national averages.

Diverse groups of learners are expertly supported to successful programmes of study and the vast majority of ethnic groups perform at, or above college and national averages, as do learners with learning difficulties or disabilities.

Study programme support for students is strong and personalised with a well-qualified team of 'Progress Tutors' providing targeted, timely and effective support, especially in pastoral issues. This is complemented by an effective and highly visible well-being team that supports learners with more complex support needs.

To enhance the learner experience, the college has an extensive, sector-leading, enrichment programme, which has gained national recognition from the Sixth Form Colleges Association. In many cases, these enrichments are student-led and strongly support college retention, student wellbeing and an improved, broader learner experience. The diverse and engaging enrichment programme continued through lock-down, with learners continuing to take a lead in many instances.

Going Concern

In line with sector challenges, John Leggott College is operating within very strict financial constraints. The increase in funding rates has benefitted the College from 2020-2021 and it is likely that the College will now have overcome the costs associated with the Covid pandemic. In terms of cash balances the College now holds greater balances than for a number of years and is in a strong position to be able to match fund capital bids currently under consideration. The College has a strong relationship with its bankers and has not required an overdraft facility for a number of years. The College has a strong track record of delivering results in line or in excess of the financial plan and the anticipated Financial health Grade for the current year is Outstanding.

The College has a financial plan which is regularly reviewed and updated for changing circumstances when needed. All income streams are risk assessed on a regular basis and mitigating actions taken as needed. Management accounts track diversified income streams to ensure that these are financially sustainable and any significant proposed new income streams are scrutinised by the Corporation prior to commencement.

The financial statements, management accounts and financial plans all indicate that all banking covenants will be met. The College continues to operate comfortably within its borrowing package and is scheduled in cash flow projections to make all loan repayments as they become due in 2021/22.

The 2 year cash flow presented to all Corporation members on a regular basis indicates that the college has sufficient liquid resources to meet all liabilities as they fall due within the foreseeable future

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

REPORT OF THE GOVERNING BODY (CONTINUED)

Resources

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

Planned Maintenance

Having identified key priorities the college submitted a condition improvement fund bid for 2020-21 which was successful. This allowed the college to undertake essential roofing works in some of our oldest blocks.

A condition improvement bid for 2021-22 is currently under appeal, if successful this would allow further roofing works in our oldest block.

Financial

The College has £4,766,000 (2019-2020 £4,152,000) of net assets (including £3,832,000 pension liability 2019-2020 £3,562,000).

People

The College employs 167 people (114 when expressed as full time equivalents - FTE).

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

Principal Risks and Uncertainties

The College has a formal on-going process for identifying, evaluating and managing the College's risks which includes:-

- identification of risks affecting the enabling of the Strategic Development Plan by the Risk Management Group (RMG) (comprised of Senior Management Team (SLT), Directors to form a Strategic Risk Register
- regular review of the Strategic Risk Register by the RMG
- reporting at SLT meetings
- reporting at every meeting of the Audit Committee
- reporting at regular Corporation Board meetings
- a sensitivity analysis and costed contingency plan which accompanies the commentary to the 3 year financial forecast
- external audit provides feedback to the Audit Committee on the operation of the internal financial controls of the College
- utilisation of external consultants to highlight risk areas and recommend mitigating actions to minimise periodically

Outlined as follows 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)

Principal Risks and Uncertainties (continued)

1. External Factors and Government Funding

The College has considerable reliance on continued government funding via the ESFA. In 2020-21 87.31%, whilst this is less than most in the sector most of the College's revenue was ultimately public 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 which include:

- The demand led funding system which applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.
- Vocational reforms with the implementation of T levels and review of applied general qualifications.
- Brexit.

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 the ESFA
- Partnership working with the ACT Group

2. Maintain Adequate Funding Of Pension Liabilities

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

3. Failure To Maintain The Financial Viability Of The College

The College's current financial health grade is classified as Outstanding and it is anticipated that the financial health grade will be confirmed as Outstanding based on these financial statements. The College financial plan indicates that the College can sustain a Good financial health grade for the life of the plan.

- Diversified income streams reducing reliance upon public sector income
- Robust financial controls
- By rigorous budget setting procedures and sensitivity analysis
- Regular financial monitoring during the year

REPORT OF THE GOVERNING BODY (CONTINUED)

4. Brexit

The Risk Management Group retains the risk of Brexit under review. Whilst it is not currently considered to be a significant risk the full implications are not yet fully known Potential impacts still remain in the areas of:

- Students
- Staff
- Travel to the EU
- Domestic travel
- Residential Accommodation
- Animals
- Employers
- Capital projects
- GDPR – receiving data from EU

Whilst not included as a significant risk on the risk register changes and new risks are considered at every meeting.

5. Covid-19

The Risk Management Group first considered the risk of Covid-19 on 4th February 2020 having previously been considered by FMC and SLT. A separate Covid-19 risk register was produced in March 2020. This covered the impact of Covid-19 on all other risk factors including consideration of

- Health and Safety
- Finances
- Learner Outcomes
- Safeguarding
- IT Support

The need for a separate Covid-19 register was reviewed during the course of 20-21 with Covid related risks included in the general Risk Management process

Stakeholder Relationships

In line with other Colleges John Leggott College has many stakeholders. The Corporation has adopted a stakeholder engagement strategy and action plan which is monitored for implementation and impact by the search committee. A new plan is to be presented to Corporation during Autumn 21 for their consideration.

Stakeholders currently include:

- Schools/ Academies
- Local Authority
- Parents
- International
- LEPs
- Employers
- Third sector (voluntary) organisations
- Students
- Other educational providers
- Education Sector Funding Bodies
- Community
- Representative bodies

REPORT OF THE GOVERNING BODY (CONTINUED)

Stakeholder Relationships (continued)

- Staff
- Corporation
- Universities
- Other educational professionals
- Educational Standards Bodies including Ofsted

Equality

The College is committed to a policy of equality of opportunity and aims to provide a working and learning environment free from any discrimination, harassment and victimisation. We are a diverse College that respects and celebrates differences in race, disability, gender, age, gender identity, sexual orientation, faith and religious beliefs, background or personal circumstance. We want everyone to feel valued and included in the College community and to achieve his or her full potential.

All forms of prejudice and discrimination are unacceptable, and any form of discrimination or harassment needs to be reported.

This means the College is a place where ALL students and staff, whatever their circumstances or background:

- are fully respected
- feel welcomed
- are treated in a friendly way
- have equality of opportunity
- have appropriate support

The measures for monitoring the impact of our inclusivity, diversity and equality measuring will be included in the new HR Strategy to be presented to Corporation during Autumn 2021.

Disability Statement

The College believes that the diversity of its community is an essential part of its values and enriches employment, research, studying and learning experiences.

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

- The College has held the 'Disability Confident' award since 2016. The award is Jobcentre plus co-ordinated national award to organisations demonstrating a positive attitude towards employing disabled people.
- Specialist programmes are provided within College with good progression rates.
- The College employs a Special Educational Needs Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.

Counselling and welfare services are available for both students and staff. These are signposted via Student Support, the Well-Being team and Human Resources.

REPORT OF THE GOVERNING BODY (CONTINUED)**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.

Numbers of employees who were TU officials during the relevant period	FTE employee number
0	0

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

Total cost of facility time	-
Total pay bill	-
Percentage of total bill spent on facility time	0%

Time spent on paid trade union activities as a percentage of total paid facility time:	0%
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Events After The Reporting Period

Since the end of the reporting period the College has had confirmation of a successful bid to the Post 16 Capacity Fund. This investment will allow for the first major new development since 2014. The overall investment of £3M will allow the college to expand into an additional 12 new classrooms ready for the demographic upturn which has started in 2021-22. The College has also created a subsidiary JLSFC Services limited the purpose of which is provision of support staff to the College. The company is Limited by Guarantee and the guarantee of £1 is provided by the College. The company was incorporated August 20th 2021.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payment to suppliers within 30 days of either the provision of goods or services or the date on which the invoice is received. The target set by Treasury is for payment to suppliers within 30 days in 95 per cent. During the accounting period 1 August 2019 to 31 July 2020, the College paid 85 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

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/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 7 December 2021 and signed on its behalf by:

A Pascoe - Chairperson



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;
- and
- iii. having due regard to the UK Corporate Governance Code ("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 and in particular the College has adopted and seeks to comply with the Code of Good Governance. The College complies with the main principles of the UK Corporate Governance Code insofar as they are applicable to the further education sector.

In the opinion of the governors, the College complies with the provisions of the Code of Good Governance and it has complied throughout the year ended 31 July 2021. These are monitored by the Search Committee and an action plan put in place to address areas of non-compliance. The action plan is available for scrutiny. The Code is currently being reviewed by the AoC and upon its completion will be presented to Corporation and a plan included detailing where there may be any gaps with compliance.

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.

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

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

(Please refer to appendix for attendance at meetings)

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (CONTINUED)

The Corporation (Continued)

	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Mr J Aslam	5 July 2016 and reappointment July 2018 and July 2021	3 years		External	Audit
Mr S Driver	2008 and reappointed July 2012, 2016, 2018 and 2021	3 years		External	Financial Monitoring Remuneration
Mr J Fitzgerald	18 October 2016 and reappointed October 2018 and 2020	3 years		External	Quality Assurance Audit
Mr G Harle	12 December 2018	2 years		Staff	Search
Mr J Watkinson	12 December 2020	2 years		Staff	Search
Mr D Harness	7 June 2018 and reappointed June 2020	3 years		External	International Audit
Mrs S Hotchin	14 December 16 and reappointed December 2018	3 years		External	Search
Mrs GA Moore	1996, 2000, 2004, 2008 and reappointed September 2012 & 2016, 2018, 2020 and 2021	1 years		External	Search Audit
Mr Y Nawaz	16 October 2019	2 Years		Student	
Mr AW Pascoe	2004, 2008 and reappointed September 2012, 2016, 2018 and 2021	3 years		External	Chairperson Corporation, Remuneration Quality Assurance FMC
Mr P Raistrick	13 October 2017 and reappointed 2019	2 years		Parent	Quality Assurance Remuneration
Mr L Riley	1 September 2016	Ex-Officio		Principal	
Miss C Stone	16 October 2019	2 Years		Student	
Mr P Townsley	26 February 2015 and reappointed 2019	3 years		External	Financial Monitoring Quality Assurance
Mrs B Robinson acts as Clerk to the Corporation					
Mr A Douglas acted as a co-opted member on the Financial Monitoring Committee effective from March 2018					

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (CONTINUED)

The Corporation (Continued)

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure and quality matters. The Corporation meets at least twice termly.

The Corporation has six working committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are audit, remuneration, search, financial monitoring, quality assurance and international.

As a response to Covid changes were made to Corporation business as follows

- During the lockdown period Corporation and Committee meetings continue to be held. These were held virtually instead of governors attending the college site. All supporting papers and reports were made available virtually.
- An additional Committee was formed – Covid-19 Committee. This was following sector advice and was utilised to ensure critical decisions were made in a timely way. The Committee comprised the Chair of Corporation and representatives from all committees (mostly the Chairs). Its actual terms of reference were "To consider any urgent matter during the unprecedented times of Covid-19 and to meet – as required and with the ability to waiver 7 days notice." This meeting last met in January 2021.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.leggott.ac.uk or from the Clerk to the Corporation at:

John Leggott College
West Common Lane
Scunthorpe
DN17 1DS

beckyrobinson@leggott.ac.uk

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 meetings. Briefings are also provided on an ad hoc basis.

**STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL
(CONTINUED)**

The Corporation (Continued)

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

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

Appointments To The Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office of one, two or three years.

Corporation Performance

The Corporation considers its own performance regularly and uses a number of benchmarks in which to draw its conclusions. In addition each of the four key committees (audit, financial monitoring, quality assurance and search) undertake an annual assessment of their own performance and impact. The Corporation also considers their performance against the Code of Good Governance. In addition the CIPFA self-evaluation toolkit was used during 16-17 and 17-18 to measure the performance of the audit and Financial Monitoring Committees. This toolkit has not been reviewed by CIPFA during this period.

Remuneration Committee

Throughout the year ending 31 July 2021, the College's remuneration committee comprised the Chairperson, a member of Financial Monitoring Committee and parent governor. The committee's responsibilities are to make decisions on the performance, remuneration, contracts and benefits of the Principal and other senior post-holders. These decisions are then reported to the Board.

Details of remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Principal). The committee operates in accordance with written terms of reference approved by the Corporation. It ensures that at least one member is experienced and qualified in audit and compliance matters.

The Audit Committee meets on a quarterly basis and provides a forum for reporting by the College's regularity and financial statements auditors, who have access to the Committee for

**STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL
(CONTINUED)**

Audit Committee (continued)

independent discussion, without the presence of College management. The Committee also receives and considers reports from the FE funding body, as it affects the College's business.

As part of the Board Assurance framework the Audit Committee commissions external independent reviews of identified areas of risk.

Management is responsible for the implementation of agreed recommendations of external reviews, progress is tracked and evidence of completion provided to Audit Committee.

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

Financial Monitoring Committee

The Financial Monitoring Committee comprises of four governors. It ensures that at least one member is experienced and qualified in accounting matters. It meets on at least a half-termly basis and scrutinises all matters relating to finance and funding. The chair of this committee attends the Audit Committee prior to approval of these accounts by the Corporation. All members of the board receive monthly management accounts and 2 year cash flow.

Search Committee

The Search Committee comprises four members of the Corporation (excluding the Principal). The Committee operates in accordance with written terms of reference approved by the Corporation.

The main focus is on recommending to Corporation on appointments of governors and best practice in terms of governance arrangement. The Search Committee is responsible for monitoring compliance with the Code of Good Governance for English Colleges.

Quality Assurance Committee

The Quality Assurance Committee comprises three governors plus the Principal. The Committee is advised by the two Assistant Principals and the Deputy Principal. The Committee operates in accordance with written terms of reference approved by the Board. The Chair of this Committee is experienced in quality assurance matters having served as a local secondary head teacher for many years. The Committee triangulates the evidence it receives via the use of data, learning walks, etc.

The Committee at every meeting scrutinises progress and impact of the College Quality Improvement Policy.

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (CONTINUED)

International Committee

The International Committee comprises two governors plus the Principal and invites other participants as required. The Committee has no delegated powers and meets to consider the international Strategy and to recommend due diligence where appropriate and to make recommendations to the Corporation.

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.

Governors have focussed their use of management internal audit time to provide sources of assurance on matters that they know to be of higher risk as underpinned by the risk management process. In doing this they ensure that the internal audit process delivers best value for money; this includes the appointment of external consultants where appropriate.

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 Agreements between the College and the funding body. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in John Leggott College for the year ended 31 July 2021 and up to the date of approval of the annual report and Financial Statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls 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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal Control (Continued)

Capacity to handle risk (continued)

ended 31 July 2020 and up to the date of approval of the annual report and Financial Statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

In addition during this year it has focussed heavily on the risks associated with 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 Risk Management Group
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports
- the receipt of internal and external sources of assurance

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the bespoke external consultant reports and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal Control (Continued)

The Principal and the senior leadership team receive reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the College. The senior leadership team and the Audit Committee also receive regular reports from audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is to provide an opinion on whether the College has an adequate and effective assurance 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". In addition, the Audit Committee confirms whether the College's financial statements fulfil statutory and regulatory responsibilities in line with funding body specific requirements. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and sources of assurance, and taking account of events since 31 July 2021.

Based on the advice of the Audit Committee and 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*".

Going Concern

After making appropriate enquiries as outlined in the accounting policies (pages 36-37) and the Going Concern section of the Report of the Governing Body (pages 9), the Corporation considers that the College has adequate resources to continue in operational existence for the period of the financial plan submitted July 2021. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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

A Pascoe – Chairperson


.....

L Riley – Accounting Officer


.....

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The Corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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

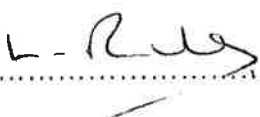
We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.

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

A Pascoe – Chairperson

.....


L Riley – Accounting Officer

.....


STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Corporation's 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 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 Corporation and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Corporation will continue in operation.

The Corporation is also required to prepare a Member's Report that describes what it is trying to do and how it is going about it, including the legal and administrative status of the Corporation.

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

The Corporation is responsible for the maintenance and integrity of its website is 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 the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreement and contracts and any other conditions that may be prescribed from time to time by ESFA, or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION (CONTINUED)

and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

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



A Pascoe
Chairperson

Independent auditor's report to the members of John Leggott College

Opinion

We have audited the financial statements of John Leggott 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 Cashflows 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 income and expenditure for the year then ended 31 July 2021;
- 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

Independent auditor's report to the Members of the Corporation of John Leggott College (continued)

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.

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.

Independent auditor's report to the Members of the Corporation of John Leggott College (continued)

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.

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

Independent auditor's report to the Members of the Corporation of John Leggott College (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

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

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

Independent auditor's report to the Members of the Corporation of John Leggott College (continued)

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

Mazars LLP

Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 8 DECEMBER 2021

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	2021 £'000	2020 £'000
INCOME			
Funding body grants	2	8,071	7,738
Tuition fees and education contracts	3	638	584
Other Grants and Contracts	4	54	16
Other income	5	477	341
Investment income	6	4	7
Total Income		<u>9,244</u>	<u>8,686</u>
EXPENDITURE			
Staff costs	7	5,947	5,962
Other operating expenses	9	2,055	1,971
Depreciation	12	492	460
Interest and other finance costs	10	139	126
Total Expenditure		<u>8,633</u>	<u>8,519</u>
Surplus/(Deficit) Before Other Gains and Losses		611	167
(Deficit) on disposal of tangible fixed assets		<u>(26)</u>	<u>-</u>
Surplus/(Deficit) Before Tax		585	167
Taxation	11	<u>-</u>	<u>-</u>
Surplus/(Deficit) For The Year		585	167
Re-measurement of net defined benefit pension liability	22	<u>29</u>	<u>(1,737)</u>
Other Comprehensive Income For The Year		29	(1,737)
Total Comprehensive Income For The Year		<u>614</u>	<u>(1,570)</u>
Total Comprehensive Income For The Year Attributable To Corporation Of The College		<u>614</u>	<u>(1,570)</u>

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

BALANCE SHEET AS AT 31 JULY 2021

	Notes	2021 £'000	2020 £'000
Fixed Assets			
Tangible assets	12	13,498	13,294
		<u>13,498</u>	<u>13,294</u>
Current Assets			
Debtors	13	440	433
Investments	14	0	500
Cash at bank and in hand		2,920	1,099
		<u>3,360</u>	<u>2,032</u>
Current Liabilities			
Creditors – amounts falling due within one year	15	(2,352)	(1,903)
Net Current Assets /(Liabilities)		<u>1,008</u>	<u>129</u>
Total Assets Less Current Liabilities		<u>14,506</u>	<u>13,423</u>
Creditors – Amounts Falling Due After More Than One Year	16	(5,903)	(5,704)
Provisions For Liabilities			
Defined benefit pension scheme	23	(3,832)	(3,562)
Other provisions	17	(5)	(5)
Total Net Assets		<u>4,766</u>	<u>4,152</u>
Unrestricted Reserves			
Income and expenditure reserve		1,624	946
Revaluation reserve		3,142	3,206
Attributable To The College Corporation And Total Unrestricted Reserves		<u>4,766</u>	<u>4,152</u>

The financial statements on pages 29 to 55 were approved and authorised for issue by the Corporation on 7 December 2021 and were signed on its behalf on that date by:

Andy Pascoe
Chairperson



Leon Riley
Accounting Officer



**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED
31 JULY 2021**

	Income And Expenditure Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000
Balance At 31 July 2019	2,452	3,270	5,722
Surplus for the year	167	-	167
Other comprehensive income	(1,737)	-	(1,737)
Transfers between revaluation and income and expenditure reserves	64	(64)	-
Total Comprehensive Income For The Year	(1,506)	(64)	(1,570)
Balance At 31 July 2020	946	3,206	4,152
Surplus for the year	585	-	585
Other comprehensive income	29	-	29
Transfers between revaluation and income and expenditure reserves	64	(64)	-
Total Comprehensive Income For The Year	678	(64)	614
Balance At 31 July 2021	1,624	3,142	4,766

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £'000	2020 £'000
Operating Activities			
Cash generated from operations	18	2,336	736
Net cash from operating activities		<u>2,336</u>	<u>736</u>
Investing Activities			
New deposits		-	(490)
Withdrawal of deposits		500	-
Payments made to acquire fixed assets		(724)	(9)
Receipts from sale of fixed assets		<u>2</u>	<u>-</u>
		<u>2,114</u>	<u>(499)</u>
Financing Activities			
Interest paid		(84)	(89)
Repayments of borrowings		(209)	(202)
Capital elements of finance lease repayments		-	-
		<u>(293)</u>	<u>(291)</u>
Increase/(Decrease) In Cash And Cash Equivalents In The Year		<u>1,821</u>	<u>(54)</u>
Cash And Cash Equivalents At Beginning Of The Year		<u>1,099</u>	<u>1,153</u>
Cash And Cash Equivalents At End Of The Year		<u>2,920</u>	<u>1,099</u>
Cash And Cash Equivalents Comprise:			
Cash at bank and in hand		2,920	1,099
		<u>2,920</u>	<u>1,099</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

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

General Information

John Leggott College is a corporation established under the Further and Higher Education Act 1992 as an English general College of further education. The address of the College's principal place of business is given on page 18. The nature of the College's operations are set out in the Report of the Governing Body.

Basis Of Accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. 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.

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

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

Going Concern

The activities of the College, together with factors likely to affect its future development and performance are set out in the Report of the Governing Body. External factors including future spending reviews have been considered in the preparation of the financial plan.

For the period to 31 July 2021 all banking covenants have been met and the College has demonstrated its ability to operate within its borrowing package. The Financial Plans for 2022 and 2023 also indicate that the College will continue to meet covenants and operate within borrowings.

The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (Continued) Going Concern (Continued)

The College currently has £2.27m of loans outstanding with bankers, of which £0.99m is on terms negotiated in 2012 and a further £1.27m is on terms negotiated in 2019. Of the loans portfolio £1.95m is on fixed rate terms which are affordable and give additional certainty to cash flows.

The terms of the 2012 agreement are for up to another 6 years to 30 November 2027.

The terms of the 2019 agreements are up to another 3 years to July 2024.

The College meets regularly with the banks and provides covenant reporting to both lenders.

The financial plans for 2021-22 and 2022-23 are regularly reviewed in terms of recruited numbers and the impact of both student numbers and funding per learner. The College currently has a sustainable financial plan that allows for confirmed lagged funding numbers. This plan has been stress tested with sensitivities such as reduced international numbers and excessive costs due to the Covid -19 measures planning assumptions for 2021-2022 are:

- Funding per learner is maintained at current levels
- The Teachers Pension Grant is continued for the life of the financial plan
- 1,648 ESFA funded learners as the lagged funded number for 2021-2022
- The College continues to be able to maintain cost savings without impacting on quality of provision

The College's financial forecasts and projections indicate that the College will be able to operate within all banking covenants for the foreseeable future. Monthly management accounts are produced with a focus on cost centre accounting and course viability. All new revenue streams are monitored closely for financial viability and contribution to core costs. The College has continually demonstrated its ability to reduce both pay and non-pay costs and has now established consistently Outstanding financial health.

Accordingly the College anticipates 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 Financial Statements.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (Continued)

Recognition of Income

Revenue Grants

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of 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.

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

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

Capital Grant Funding

Government capital grants other than land, are capitalised, held as deferred income and recognised as income over the expected useful life of the asset, under the accrual model as permitted by FRS102. 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.

Other Income

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

Income from tuition fees is recognised over the period for which it is received. The associated costs of overseas recruitment are recognised in the period in which they are incurred. The costs of any fees waived by the College are included in note 9.

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

Retirement Benefits

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (Continued) Retirement Benefits (Continued)

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 the 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 are recognised as an expense in the income statement in the periods during which services are rendered by employees.

East Riding Pension Scheme (ERPF)

The ERPF is a funded scheme. The assets of the ERPF are measured using the closing fair values. ERPF liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within interest and other finance costs.

Actuarial gains and losses are recognised immediately in other comprehensive income.

Short-Term Employment Benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by 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 comprehensive 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 body.

Tangible Fixed Assets

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that have been revalued to fair value on or prior to the date at transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (Continued)

Tangible Fixed Assets (Continued)

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

Equipment

Equipment costing less than £2,000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

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

- Freehold buildings – 10-50 years
- Leasehold improvements - over the term of the lease
- Equipment - 10 years or 5 years

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

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

Impairments of Fixed Assets

A review for impairment of 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.

Impairment of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (Continued) Impairments of Fixed Assets (continued)

an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Borrowing Costs

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

Leased Assets

All leases are operating leases and annual rents are charged to The Statement of Comprehensive Income and Expenditure on a straight line basis over the lease term.

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial Instruments

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

Financial assets and liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (Continued) Financial Assets and Liabilities (Continued)

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

Taxation

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

The College receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input that it suffers on goods and services purchases. Capital costs and non-pay expenditure are therefore shown inclusive of VAT.

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 that reflects the risks specific to the liability. 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 reliably measured

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (continued)

Agency Arrangements

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

Critical Accounting Judgements and Estimation uncertainty

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

Critical areas of judgement

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

- Determined 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.
- For East Riding Pension Fund valuation purposes the College has assumed a 1.5% pay increase until 31 July 2022, 2022-2023 1.75% pay increase and thereafter reverting to standard assumption of 2.7%.

Critical Accounting Estimations and Assumptions

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

- East Riding Pension Fund

The present value of the East Riding Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting Policies (continued)

Critical Accounting Estimations and Assumptions (continued)

July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Impairment of fixed assets

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

2. Funding Body Grants

	2021 £'000	2020 £'000
Recurrent Grants		
ESFA: 16-18	7,298	6,822
ESFA: 14-16	214	414
ESFA: Adults	45	78
ESFA: Apprenticeships	-	-
Specific Grants	514	424
Total	<u>8,071</u>	<u>7,738</u>

3. Tuition Fees and Education Contracts

	2021 £'000	2020 £'000
Tuition fees	471	477
Education contracts	167	107
Total	<u>638</u>	<u>584</u>

4. Other Grants and Contracts

	2021 £'000	2020 £'000
Coronavirus Job Retention Scheme grant	54	16
Total	<u>54</u>	<u>16</u>

The corporation furloughed a total of 23 (2020-8) staff including lettings staff, teachers and technicians as a proportionate response to the losses in non ESFA funded activity. Under the government's Coronavirus Job Retention Scheme. The funding received of

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£54,000 (2020-£16,000) relates to staff costs which are included within the staff costs note below as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other Income

	2021 £'000	2020 £'000
Catering	0	51
Miscellaneous income	189	139
Exam fee income	8	7
Travel pass income	276	105
Visit contributions	4	39
Total	477	341

6. Investment Income

	2021 £'000	2020 £'000
Other interest receivable	4	7
Total	4	7

7. Staff Costs and Key Management Personnel Remuneration

The average number of persons (including key management personnel) employed by the College during the year, expressed as full time equivalents, was:

	2021 Number	2020 Number
Teaching staff	83	80
Non-teaching staff	84	103
	167	183

Staff Costs For The Above Persons:

	2021 £'000	2020 £'000
Wages and salaries	4,279	4,173
Social security costs	400	392
Other pension costs	1,155	1,105
Payroll subtotal	5,834	5,670
Contracted-out staff	113	292
Total Staff Costs	5,947	5,962

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the senior leadership team which comprises the Principal, Deputy Principal, Assistant Principals, Director of Finance and Resources and Director of Governance. The Principal and Director of Governance are both senior post holders.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>5</u>

The number of key management personnel and other staff who received annual emoluments, 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.
£40,001 to £45,000 p.a.	-	-		
£45,001 to £50,000 p.a.	1	1		
£50,001 to £55,000 p.a.	-	-		
£55,001 to £60,000 p.a.	2	1		
£60,001 to £65,000 p.a.	1	1	-	-
£65,001 to £70,000 p.a.	-	1	-	-
£70,001 to £75,000 p.a.	1	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	-	-	-	-
£100,001 to £105,000 p.a.	-	-	-	-
£105,001 to £110,000 p.a.	-	1	-	-
£110,001 to £115,000 p.a.	-	-	-	-
£115,001 to £120,000 p.a.	1	-	-	-
	<u>6</u>	<u>5</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Key Management Personnel (Continued)

	2021	2020
	£'000	£'000
Salaries	420	344
National Insurance	51	41
	<u>471</u>	<u>385</u>
Pension contributions	100	80
Total Emoluments	<u>571</u>	<u>465</u>

There were no amounts due to key management personnel that were waived in the year. The College has salary sacrifice arrangements in place for childcare vouchers. In addition to the above compensation an amount of £nil (2019 - £992) was incurred for childcare salary sacrifice scheme.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

Current Principal:

	2021	2020
	£'000	£'000
Salaries	116	110
National Insurance	15	14
	<u>131</u>	<u>124</u>
Pension contributions	27	26
	<u>158</u>	<u>150</u>

The governing body has adopted most aspects of the AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its Principal's future.

The remuneration package of Senior post holders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Corporation, 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/Chief Executive pay and remuneration expressed as a multiple. This calculation is based upon all other employees on a full time equivalent basis. Agency workers are excluded from this calculation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Key Management Personnel (Continued)

	2021	2020
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	4.52	4.83
Principal and CEO's total remuneration as a multiple of the median of all staff	4.52	4.83

Governors' Remuneration

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

Governors have received reimbursement of travel costs in line with College policy of £nil (2021: nil). No Governor has received remuneration or waived any payments from the College during the year (2021: nil).

9. Other Operating Expenses

	2021	2020
	£'000	£'000
Teaching costs	753	646
Non-teaching costs	703	757
Premises costs	599	568
Total	2,055	1,971

Surplus Before Taxation Is Stated After Charging:

	2021	2020
	£'000	£'000
Auditor's remuneration:		
Financial statements audit	14	13
Other services provided by the financial statements auditor	2	1
Operating lease rentals	43	43

10. Interest and Other Finance Costs

	2021	2020
	£'000	£'000
Bank loans, overdrafts and other loans	84	89
Net interest on defined pension liability (note 23)	55	37
Total	139	126

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Taxation

The Governors do not believe the College is liable for any Corporation tax arising out of its activities during either year.

12. Tangible Fixed Assets

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 August 2020	19,231	118	2,111	-	21,460
Additions	131	-	213	380	724
Disposals	(64)	-	(4)	-	(68)
At 31 July 2021	19,298	118	2,320	380	22,116
Depreciation					
At 1 August 2020	6,093	106	1,967	-	8,166
Charge for the year	408	1	83	-	492
Disposals	(36)	-	(4)	-	(40)
At 31 July 2021	6,465	107	2,046	-	8,618
Carrying Amount					
At 31 July 2021	12,833	11	274	380	13,498
Carrying Amount					
At 31 July 2020	13,138	12	144	-	13,294

Land and buildings include land valued at £2,500,000 (2020: £2,500,000) on 1 August 2014 (the transition date for FRS 102) this is not depreciated. This was included at deemed cost. The valuation was performed by CBRE Limited, an independent valuer, on a fair value basis.

If inherited land and buildings had not been re-valued they would have been included at the following historical cost amounts:

	£'000
Cost	nil
Aggregate depreciation based on cost	nil
Carrying Amount Based On Cost	<u>nil</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	211	244
Other debtors	60	35
Prepayments and accrued income	169	154
Total	<u>440</u>	<u>433</u>

Trade debtors are inclusive of impairment losses of £14,275 (2020 - £31,755). This consists of specific provisions in respect of trade debtors due from customers.

14. Current Investments

	2021 £'000	2020 £'000
Short term deposits	<u>0</u>	<u>500</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

15. Creditors: Amounts Falling Due Within One Year:

	2021 £'000	2020 £'000
Bank loans and overdrafts	216	206
Payments received in advance	473	480
Trade creditors	340	118
Other taxation and social security	97	95
Other creditors	410	402
Accruals and deferred income	565	460
Government capital grants	110	110
Amounts due to the ESFA	141	32
Total	<u>2,352</u>	<u>1,903</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Creditors Amounts Falling Due After More Than One Year:

	2021	2020
	£'000	£'000
Bank loans	2,049	2,268
Government capital grants	3,854	3,436
	<u>5,903</u>	<u>5,704</u>

Bank Loans

	2021	2020
	£'000	£'000
Bank loans are repayable as follows:		
In one year or less	216	206
Between one and two years	225	212
Between two and five years	1,574	671
In five years or more	250	1,385
Total	<u>2,265</u>	<u>2,474</u>

The College has a loan with Lloyds Banking Group set up in August 2012 repayable by quarterly instalments of £43,662 commencing August 2012 and finishing in November 2027, at a fixed interest rate of 4.07% on the reducing balance. This borrowing is secured by a first legal charge in the banks standard form over the property dated 24 November 2014.

In addition the college has 2 loans with Barclays Bank both of which become fully payable July 2024 amortised over 15 years.

These loans are split between £1.02M of fixed interest borrowing at 3.21% and a further £0.3M variable at 2.25% above base rate of the Bank of England. On both loans interest is payable monthly. This borrowing is secured by a second legal charge under an inter creditor agreement dated 29 July 2019.

17. Provisions for Liabilities

	Enhanced Pension £'000
At 1 August 2020	5
Expenditure in the period	<u>-</u>
At 31 July 2021	<u>5</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Provisions for Liabilities (continued)

The principle financial assumptions for this calculation are:

	2021	2020
Price Inflation	1.3%	1.3%
Discount Rate	2.2%	2.3%

18. Notes To Statement of Cash Flows

	2021	2020
	£'000	£'000
Surplus/(Deficit) After Tax For The Year	585	167
Adjustment for:		
Depreciation	492	460
Loss on disposal of fixed assets	26	
Interest payable	84	89
Pensions costs less contributions payable	299	270
Operating cash flow before movements in working capital	1,486	986
(Increase) in debtors	(8)	(92)
Increase/(Decrease) in creditors	858	(158)
Cash Generated From Operations	2,336	736

19. Analysis of changes in net debt

	At start of year	Cash Flows	Other non cash changes	At end of year
Cash	1,099	1,821		2,920
Loans falling due in 1 year	(206)	209	(219)	(216)
Loans falling due after 1 year	(2,268)		219	(2,049)
Total	(1,375)	2,030	-	655

20. Capital and Other Commitments

	2021	2020
	£'000	£'000
Commitments contracted for at 31 July	<u>400</u>	<u>121</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**21. Financial Commitments**

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

	2021	2020
	£'000	£'000
Payments due:		
Not later than one year	42	38
Later than one year and not later than five years	44	36
Later than five years		3
Total Lease Payments Due	<u>86</u>	<u>77</u>

In addition in note 9 the operating lease spend was £43,000.

22. Related Party Transactions

Key management compensation disclosure is given in note 8.

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.

23. Retirement Benefits

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the East Riding Pension Fund (ERPF) for non-teaching staff which is managed by East Riding of Yorkshire Council. Both are multi-employer defined-benefit plans.

Total Pension Cost For The Year

	2021	2020
	£'000	£'000
Teachers' Pension Scheme contributions paid	421	587
East Riding Pension Fund:		
Contributions paid - normal	453	285
FRS 102 (28) charge	281	233
Charge to the Statement of Comprehensive Income	<u>734</u>	<u>518</u>
Total Pension Cost For The Year Within Staff Costs	<u>1,155</u>	<u>1,105</u>

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 2012

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Retirement Benefits (Continued)

Contributions amounting to £26,096 (2020: £31,171) were payable to the ERPF scheme at 31st July and are included in creditors.

Contributions amounting to £70,013 (2020: £66,666) were payable to the TPS scheme at 31st July and are included in creditors.

Teachers' Pension Scheme

FRS 102 (28)

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.

East Riding Pension Fund

The ERPF is a funded defined benefit scheme, with the assets held in separate funds administered by the local authority. The total contribution made for the year ended 31 July 2021 was £452,421 of which employers' contributions totalled £281,000 and employees' contributions totalled £171,421. The agreed contribution rates for future years are 23.8% for employers and range from 5.5% to 12.5% for employees.

On 26 October, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, (GMP). The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Retirement Benefits (Continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021 by Hymans Robertsons LLP.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	2.4%	2.5%
Future pension increases	2.6%	1.9%
Discount rate	1.7%	1.5%
Inflation assumption (CPI)	2.6%	2.0%
Commutation of pensions to lump sums:		
Pre April 2008 service	60%	60%
Post April 2008 service	80%	80%

The salary increase assumption for 31 July 2021 is 1.5% per annum until 31 July 2022, 1.75% per annum from 31 July 2022 to 31 July 2023 reverting to the long-term assumptions shown thereafter.

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

	At 31 July 2021	At 31 July 2020
Retiring today:		
Males	21.0 Years	20.9 Years
Females	23.7 Years	23.3 Years
Retiring in 20 years:		
Males	22.2 Years	21.8 Years
Females	25.5 Years	24.8 Years

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

	Fair Value at 31 July 2021 £'000	Fair value at 31 July 2020 £'000
Equity instruments	9,222	7,361
Debt instruments	2,577	1,925
Property	1,492	1,359
Cash	271	681
Total Fair Value Of Plan Assets	13,562	11,326
Actual Return On Plan Assets	1,915	(457)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**23. Retirement Benefits (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	13,562	11,326
Present value of plan liabilities	(17,394)	(14,888)
Present value of unfunded liabilities	-	-
Net Pensions Liability	(3,832)	(3,562)

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

	2021	2020
	£'000	£'000
Current service cost	(525)	(518)
Past service costs including curtailments	-	-
Net interest on defined benefit pension liability	(55)	(37)
Total	(580)	(555)

Amount Recognised In Other Comprehensive Income:

Re-measurement of net defined benefit pension liability	29	(1,737)
Amount Recognised In Other Comprehensive Income	29	(1,737)

	2021	2020
	£'000	£'000

Changes In The Present Value Of Defined Benefit

Defined Benefit Obligations At Start Of Period	14,888	12,919
Current service cost	525	512
Past service costs including curtailments	-	6
Interest cost	226	289
Contributions by scheme participants	72	77
Actuarial losses	1,826	1,347
Changes in demographic assumptions	234	119
Other experience	(174)	(186)
Benefits paid	(203)	(195)
Defined Benefit Obligations At End Of Period	17,394	14,888

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Retirement Benefits (continued)

	2021	2020
	£'000	£'000
Changes On Fair Value Of Plan Asset		
Fair Value Of Plan At Start Of Period	11,326	11,364
Interest income	171	252
Return on plan assets excluding net interest in the net defined benefit liability	1,915	(457)
Employer contributions	281	285
Contributions by scheme participants	72	77
Benefits paid	(203)	(195)
Fair Value Of Plan Assets At End Of Period	<u>13,562</u>	<u>11,326</u>

The College and its actuarial advisers have considered the impact of the McCloud case on these financial statements. As the College's long term salary increase assumption is the same as the College's assumption around CPI, the McCloud case has no impact on the College's LGPS liability.

24. Amounts Disbursed as Agent

	2021	2020
	£'000	£'000
Bursary Funds And Discretionary Bursary Awards		
Funding body grants	254	217
Disbursed to students	(133)	(195)
Administration costs	(7)	(7)
Balance unspent at 31 July included in creditors	<u>114</u>	<u>15</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts only as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

APPENDIX A

Corporation Attendance 2020/21

- The Corporation membership comprises 14 members (currently 1 vacancy)
- The Corporation has seven committees that meet regularly – Audit, Search, Remuneration, Quality Assurance, International and Financial Monitoring and more latterly the Covid-19 Committee
- Audit is comprised of 4 members
- Search is comprised of 3 members
- Remuneration is comprised of 3 members – no meetings were held during this period
- Quality Assurance is comprised of 3 members
- International is comprised of 3 members
- Financial Monitoring is comprised of 3 members
- Covid-19 is comprised of 5 members
- Governors have set a target of 75% for individual governor attendance and per meeting.

The following details the members' attendance during 2020/21:

Key		
P = present	X = absent	Yellow shading – not a governor/member of committee at this time Blue shading – not required at meeting

Corporation

Governor	14.10.20	26.10.20	04.11.20	11.11.20	08.12.20	11.02.21	30.03.21	20.05.21	11.06.21	30.06.21	% by governor **	2019/20	2018/19	2017/18	2016/17	2015/16
J Aslam	P	X	P	P	X	P	P	P	X	P	70					
S Driver	P	P	P	P	P	P	P	P	P	P	100					
J Fitzgerald	X	P	P	P	P	P	P	P	P	P	90					
G Harle	P				P						100					
D Harness	P	P	P	P	P	P	P	P	P	P	100					
S Hotchin	P	P	P	P	P	P	P	P	P	P	100					
A Moore	P	P	P	P	P	P	P	P	P	P	100					
Y Nawaz	P				P	P	X	P	X	X	57					
A Pascoe	P	X	P	P	P	P	P	P	P	P	90					
P Raistrick	P	P	P	P	P	P	P	P	X	X	80					
L Riley	P	P	P	P	P	P	P	P	P	P	100					
C Stone	P				P	P	P	P	X	P	86					
P Townsley	P	P	X	P	P	P	P	P	P	P	90					
J Watkinson						P	P	P	X	P	80					
% by meeting	92	80	90	100	92	100	92	100	62	85	89%	89%	79%	82%	80%	

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

Audit

Governor	06.10.20	24.11.20	23.02.21	08.06.21	% by governor
J Aslam	P	P	X	P	75
J Fitzgerald	P	P	P	P	100
D Harness	P	P	P	P	100
A Moore	P	P	P	P	100
% by meeting	100	100	75	100	94%

Search

Governor	07.10.20	18.11.20	16.11.20	26.05.21	% by gov
G Harle	X	P	X		83
D Harness		P	P	P	100
S Hotchin	P	P	P	P	100
A Moore	P	P	P	P	100
J Watkinson				P	100
% by meeting	67	100	75	100	86%

Remuneration

Governor	30.03.21	% by governor
S Driver	P	100
A Pascoe	P	100
P Raistrick	P	100
% by meeting	100	100%

Quality Assurance

Governor	30.09.20	10.11.20	03.03.21	08.06.21	% by governor
J Fitzgerald	P	P	P	P	100
A Pascoe	P	P	P	X	75
P Raistrick	P	P	X	P	75
P Townsley	P	P	X	P	75
% by meeting	100	100	50	75	81 %

International

Governor			% by governor
D Harness	P	P	100
A Pascoe	P	P	100
L Riley	P	P	100
% by meeting	100	100	100 %

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

Financial Monitoring

Governor	29.09.20	25.11.20	27.01.21	23.03.21	24.06.21	% by governor
A Douglas	P	P	P	P	P	100
S Driver	P	P	P	P	P	100
A Pascoe	X	X	P	P	P	60
P Townsley	X	P	P	P	P	80
% by meeting	50	75	100	67	100	85%

Covid-19

Governor	09.09.20	07.01.21	% by governor
J Aslam	P	P	100
S Driver	P	P	100
J Fitzgerald	P	P	100
A Moore	P	P	100
A Pascoe	P	P	100
% by meeting	100	100	100 %

Attendance Total

Total number of actual attendances (Corporation & Committee) x 100 = overall rate (%)
Total number of possible attendances (Corporation & Committees)

$$\frac{185}{207} \times 100 = \underline{89.37\%} \quad (92.37\% \text{ in } 19/20 \text{ \& } 83.53\% \text{ in } 18/19 \text{ \& } 84.61\% \text{ in } 17/18)$$

National Benchmarking Data (National Clerks network group)

Results for 2020 - 2021 (99 colleges' statistics included in total)
Average overall attendance rate – 87.79%
Range – 73% - 96%

Results for 2019 - 2020 (82 colleges' statistics included in total)
Average overall attendance rate – 83.77%
Range – 63% - 96%

Results for 2018 - 2019 (79 colleges' statistics included in total)
Average overall attendance rate – 81.74%
Range – 69% - 94%

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The corporation of John Leggott College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter signed on 6th 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 John Leggott 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 John Leggott 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 John Leggott 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 John Leggott College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of John Leggott College and the reporting accountant

The corporation of John Leggott 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

John Leggott College

REPORT OF GOVERNING BODY AND FINANCIAL STATEMENTS for the year ended 31 July 2021

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY (CONTINUED)

reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

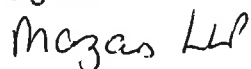
The work undertaken to draw to our conclusion includes:

- 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 financial memorandum with the ESFA/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.
- 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.

Signed:



Mazars LLP
58 The Ropewalk
Park View House
Nottingham
NG1 5DW

Date: 8 December 2021