Brooklands College

Annual Report and Financial Statements
Year ended 31 July 2020

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REFERENCE AND ADMINISTRATIVE DETAILS

Members of the Corporation

A full list of the Corporation is given on pages 16 to 19 of the Annual Report. Josephine Carr acted as Clerk to the Corporation from 1 August 2019 to 21 October 2019 and Jonathan Lipscomb acted as Clerk to the Corporation from 22 October 2019 to 31 July 2021

Leadership team

Christine Ricketts	Interim Principal	1 August 2019 to 31 December 2019
	Principal	From 1 January 2020 (including ex officio Governor Role)
Shereen Sameresinghe	Chief Executive Officer	1 August 2019 to 31 October 2019
	Accounting Officer	1 August to 31 December 2019
	Chief Operating Officer	1 November 2019 until 31 July 2020
Ioan Morgan	Interim Chief Executive Officer (part time 60%)	1 November to 31 December 2019
Stephen Dowbiggin OBE	Interim Chief Executive Officer	1 January 2020-31 July 2021 (part time 60%)
	Accounting Officer	1 January 2020 to 31 July 2021.

Financial Statement and Regularity Auditors:
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal Auditors:
RSM UK
Davidson House
Forbury Square
Reading
RG1 3EU

Legal Advisers:
Eversheds LLP
Bridgewater Place
Water Lane,
Leeds
LS11 5DR

Bankers:
Barclays Bank PLC
London and South East Education Team
PO Box 544
54 Lombard Street
London
EC3V 9EX

STRATEGIC REPORT

INTRODUCTION
Brooklands College ('the College') is a General Further Education college in North Surrey, with two campuses located close to the town centres of Weybridge and Ashford. Students come to the College from across Surrey and the Spelthorne area of Middlesex as well as west London Boroughs such as Hounslow. The vast majority of students attend the Weybridge campus.

The College has a good reputation for the successful delivery of engineering, and construction together with a rich history and association with Brooklands racetrack and Vickers who started manufacturing aircraft on the site in 1915.

OBJECTIVES AND STRATEGY
The members of the Corporation as at 21 March 2023 present this report together with the financial statements and the auditor's report for Brooklands College for the year ended 31 July 2020.

Legal Status
The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Brooklands College. The College is an exempt charity for the purposes of part 3 of the Charities Act 2011.

Strategic Plan
The College's Strategic Plan sets out the College's strategic intentions over the 5-year period 2021-26 and is available on the College website.

Vision
The College's Vision is to be:

An inclusive, inspirational centre for lifelong learning

Mission
The College's Mission is to:

Develop a skilled workforce within an inclusive inspirational environment, to help build our community for the future.

Values
The College has the following values that underpin all that it does:

- Respect and Compassion
- Equality, Diversity & Inclusion
- Innovation
- Integrity

Strategic Aims
There are five Strategic Aims within the plan which are:

Strategic Aim 1
Produce highly qualified and skilled people ready to enter the workforce. (Learners)

Strategic Aim 2
Be a leading community asset with a strong reputation in order to play a part in driving in the local and regional economy. (Community)

Strategic Aim 3
Attract and develop the right staff to deliver a high quality, inclusive learning experience. (Staff)

Strategic Aim 4
Continue to invest in our facilities to create a high quality learning environment and be a resource to the community. (Facilities)

Strategic Aim 5
Ensure robust and self-sustaining finances capable of funding its strategic aims. (Finance)

Resources
The College has various resources that it can deploy in pursuit of its strategic aims. It had £1.3m of net liabilities at the end of the financial year. This included liabilities of £3.1m owed to Barclays under a loan agreement, £24.8m long term creditor for repayment of funding to the ESFA and £11.9m long term pension liability.

Tangible resources include the Weybridge campus situated near to the train station in Weybridge, Surrey. This main site has workshops for engineering and construction as well as kitchens for catering and art and design studios. It also has a dedicated facility for SEND students as well as sports and gym facilities

The College has a campus in Ashford for which it has a lease ending in 2066, on a site adjacent to the Thomas Knyvett College.

The Covid pandemic had a significant effect on the College's use of its resources and it switched to on-line teaching from March 2020 when the National lockdown was announced. Investment was necessary to support a successful switch to on line delivery and maintaining essential provision on site.

The College employed 264 staff (on an average headcount basis), of whom 158 were teaching staff and the remainder support and professional staff.

In 2019-20 the College delivered activity that produced £7,138,000 for Young People, £751,000 for adults, £12,000 for higher education (Office for Students) and £787,000 for apprenticeship programmes.

The College enrolled approximately 3,328 students of which 1,310 were 16 to 18 year olds, 705 apprentices, 112 higher education students, and 1,201 adult learners.

The students continue to be very successful in a range of skills competitions, winning accolades at both regional and national levels in Hair & Beauty, Construction and Catering. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Stakeholders
Brooklands College has the following key stakeholders:

- Students
- Funding bodies
- Staff and trade unions
- Local employers
- Regional employers
- Local authorities (Elmbridge, Spelthorne, Runnymede and Surrey County Council)
- Local communities
- Local schools
- Parents, guardians and carers of students
- Other FE institutions
- Professional bodies
- Local Enterprise Partnerships (LEPs), in particular Enterprise M3

The College recognises the importance of these relationships and engages in regular communication with them through the College website, feedback through college processes and regular and ad hoc meetings.

DEVELOPMENT AND PERFORMANCE

Financial Results
The College's financial health grade for 2019-20 and planned for 2020-21 which was submitted as part of the Financial Plan to ESFA, was adjusted to 'Inadequate' by the ESFA due to the identification of significant funds being identified as being at risk of being reclaimed by the ESFA. The College has a long-term creditor of for £24.8m for amounts to be repaid to the ESFA due to the College's failure to comply with funding regulations related to its subcontracting activities between 2014-15 and 2017-18.

Following this the College withdrew from its subcontracting activities and was placed in FE intervention in 2019.

Since then it has focused on its core activities and serving the demands of its local community. The College has been working closely with ESFA to secure the future sustainability of the College.

Performance and cashflow is monitored in the monthly Management Accounts, regular forecasting and planning and ratios in the financial returns to the ESFA.

The College's operating deficit for the year was £1,133,000 (2019: deficit £801,000) and deficit before other gains and losses of £1,761,000 (2019: deficit £24,55,000), which includes exceptional restructuring costs of £129,000 (2019: £162,000).

Total comprehensive expenditure was £9,819,000 (2019: expenditure of £27,898,000) and is stated after accounting for the actuarial loss in respect to the LGPS pension scheme of £5,099,000 (2019: actuarial loss of £1,982,000) and loss on revaluation of fixed assets of £1,478,000 (2019: loss £1,245,000). The decrease in comprehensive expenditure between 2018-19 and 2019-20 was due to the recognition in 2018-19 of £23,309,000 due to repayment of funding to the ESFA as a result of irregular funding payments from the ESFA related to sub-contracting arrangements.

The College made purchases of non current assets during the year of £124,000 (2019: £819,000).

Developments in the year
In December 2019 the College was inspected by OFSTED and in the January 2020 report was assessed as GOOD. This was a positive endorsement of all the good work that the College is doing to support its learners.

In February 2019 the College became aware that it had relied on irregular information from sub-contractors when claiming funds from the ESFA. In December 2019 the College identified further irregularities in the records provided by sub-contractors. This information subsequently proved unreliable and resulted in the documentation relating to significant funds that the College had drawn down since 2014-15 no longer complying with funding regulations. Following this information, and the College's declining financial situation the College was placed in FE Intervention early in 2019.

As a result of these irregularities in respect of subcontracting activity, the College ceased all new sub contracted provision in year and this led to a significant reduction in income and the need to resize and refocus its business.

In March 2020 there was a National lockdown due to the coronavirus pandemic and the College moved it teaching to on-line. The remainder of the year staff embraced the new technology and ways of working and provided a reassuring and supportive place for students and staff in very troubling and anxious times.

Reserves
At 31 July 2020, the College had deficit reserves of £1,302,000 (2019 surplus: £8,518,000), cash balances of £2,705,000 (2019: £3,433,000) and a balance of £3,137,000 remaining on the loan taken out to fund the Engineering, Art and Design (Barnes Wallis) new build and refurbishment (2019: £3,337,000). This fixed term fixed interest loan was for £5.0 million and repayable over 25 years.

Sources of income
The majority of 16-18 students enrolled at Brooklands College, are on pre-entry to Level 2 programmes with c240 on Educational Health Care Plans (EHCPs) and 110 students with High Needs.

The College receives significant grants from the ESFA and the Office for Students to fund the cost of learners. In 2019-20, these organisations provided 77% (2019: 82%) of the College's total income. Revenue from public funding in total (including local Government funding income) was 90% (2019: 92%).

Group companies
The College has one subsidiary company, Brooklands Enterprises Limited, which is dormant.

FUTURE PROSPECTS

Developments
The key development will be to ensure that learners and staff are supported to return to on-site studies and work when able to following the pandemic. Learners will be fully supported and any learning lost is replaced.

The College has two sites at Ashford with one centre built on leased land (from the local secondary school) which can accommodate c.200 students. The College responded to changes in demand in Ashford to focus on Electrical installation for young people and ESOL, maths and English for adults.

The large provision in construction and engineering and associated technologies on the Weybridge campus continues to be distinctive in meeting the needs of our locality. The College continues to raise the aspirations of young people with lower attainment levels and Special Educational Needs & Disabilities (SEND).

The College has positive links with local schools and the College is experiencing increased demand for full time 14 -16 college places from mainstream schools and electively home-educated pupils. Up to March 2020, the special schools continued to engage in vocational tasters as part of our established school link programme. During the pandemic, the special schools withdrew from the programme and the College explored new approaches to provide vocational tasters for vulnerable young people transitioning from school into College.

Hair & beauty meets growing demand on both campuses and the salon opening on Ashford High Street in 2021 will create further opportunities for industry relevant learning.

The College has small provision in higher education with provision for Motorsport Engineering with Oxford Brookes University, and Early years/ Special Educational Needs with Kingston University. The College has the strategic intention to grow higher education and the new HNC in Forensic Science launched in September 2020.

Innovative and progressive work with large employers is underway. The Heathrow Skills Partnership is a ready formed network of colleges, brought together by Heathrow Airport Ltd to increase local economic and social benefits and improve outcomes for students. The Skills Partnership has a critical role to play in re-skilling the recovery as an outcome of COVID -19, ensuring that students develop the essential skills and experiences to build their emotional intelligence, resilience, creativity and collaboration. This will be supported with funding from the College Collaboration Fund in 2020-21.

The reputation locally continues to strengthen as partnerships are developed with key stakeholders and employers such as Elmbridge, Runnymede and Spelthorne Borough Councils. As an outcome of the COVID- 19 pandemic, further AEB growth is being explored with the borough councils.

Financial plan
The College reviewed and amended the forecast for demand for the College's services for the next five years and reviewed its estates strategy to resize and refurbish its campuses to:

- Deliver provision to meet anticipated demand with a particular focus on working with employers and stakeholders locally to help meet changing skills needs and respond to the challenges resulting from the effects of the pandemic.

- Release estates and surplus buildings to fund repayment of funds at risk to the ESFA and fund the refurbishment of the resized Weybridge Campus.

Normally the monitoring of the Strategic Plan takes place at the Planning, Remuneration and Governance Committee, which is made up of the Chairs of the Committees of the Corporation, and is discussed at Corporation meetings, but given the exceptional circumstances this year some matters have been dealt with extra ordinarily by the Corporation and also Chair's Action, in full accordance with the procedures set out within the Corporation's constitutional documents.

Treasury policies and objectives
The College has treasury management arrangements in place to manage cashflows, banking arrangements and the risks associated with those activities and the College has a Treasury Management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer.

The College has no plans to increase borrowings, and the plan for the Estate is expected to release funds to refurbish the Weybridge Estate and repay ESFA for the funding owed.

Cash flows and liquidity
The College's net cash outflow from operating activities was £231,000 compared to an inflow of £805,000 in 2018-19. The size of the College's borrowing and its approach to interest rates is calculated to ensure affordability and sufficient cashflow. This was achieved during the year.

Reserves
The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activity. As at the balance sheet date, the Income and Expenditure account reserve was a deficit of £28,557,000 (2019: £20,215,000).

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

- Learners and staff return to on-site working not fully supported resulting in any lost learning not replaced and reduction in efficiency. To mitigate this there was a focus on learners and staff wellbeing and activities to support them

- Learners harmed due to a safeguarding issue. The College has robust policies and processes in place including trained and staff, and the College approach is continually being reviewed.

- Reduction in cash making the College unsustainable and operating targets not achieved.

- Early in 2018-19 there was an issue identified regarding the regularity of the funding provided by ESFA to the College over a number of years (2014-15 to 2017-18) relating to the arrangements with sub-contractors mainly for Apprentices. The College is responsible for repaying funding that it has obtained irregularly and therefore there is a risk that the College will not be financially viable if ESFA require payment that is unaffordable. The College worked closely with the ESFA to identify the level of funds at risk and how they can be repaid.

In addition, this risk is mitigated in a number of ways including:

- Reducing staff costs and reviewing all new and replacement posts.
- Rigorous budget setting procedures.
- Assessing staff utilisation.
- Reviewing course contribution.
- Close in year budget monitoring and cash flow forecasting.
- Robust financial controls.

- Loss of data and/or cyber-attack.
  The College maintains its firewalls and has strong security in place as well as being cyber essentials accredited.

KEY PERFORMANCE INDICATORS

The College's key performance indicators, targets and results are set out below

Key performance indicator	Measure/target	Actual
Student numbers (16-19)	1428	1310
Student achievement	85.9%	87%
Operating deficit	£723k	£1,133k

Student achievements
Students continue to prosper at the College. The achievement rate decreased however and was 87% in 2019-20 compared to 88.4 % in 2018-19 which may be due to the impact of the global pandemic on learners.

Arrangements for the management of the apprenticeship provision continue to improve and new management has introduced significant improvements to quality assurance and new partnerships with local employers and stakeholders are developing.

There is an ambitious culture, a relentless focus on quality improvement and all staff and students are expected and keen to do their best. The College was inspected by Ofsted in December 2019 (full inspection) and judged as **Good** for Overall Effectiveness.

Public Benefit
Brooklands College is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 166-19.

In setting and reviewing the College's strategic aims, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High quality teaching and learning.
- 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).

Equality
The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion, belief, class and age and have an Equality and Diversity Policy.

The College is a 'Disability Confident Committed' employer. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Disability Statement
The College seeks to achieve the provisions set down in the Equality Act 2010:

- All new and refurbished buildings are designed to enable full access by people with a physical disability, so that eventually most of the facilities will be suitable for disabled people;
- Specialist lecturers, assistants and support staff are employed to support students with learning difficulties and disabilities; and
- Specialist equipment is made available to students as required.

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

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
4	0.24

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	4
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£8,214
Total pay bill	£7,461,000
Percentage of the total pay bill spent on facility time	0.11%

PAYMENT PERFORMANCE
The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires colleges to make payments to suppliers within 30 days of either the provision of goods or services, or the date on which the invoice was received. During the accounting period 1 August 2019 to 31 July 2020, the College paid 73% of its invoices within 30 days of receipt of invoice (2019: 68%). The College incurred only minimal interest charges in respect of late payment for this period.

GOING CONCERN
The Corporation has considered the principal risks for the next 12 months from the date of issue of these statements. For 2022-23, student recruitment has remained similar to 2021-22 and the Corporation sees no reason why there would be a decline in student recruitment for the next academic year starting in 2023-24.

A small surplus is planned for the next three years from the date of issue and a detailed cashflow forecast has been produced which shows the College has sufficient cash to meet its debts as they fall due. The amount due to the ESFA shown as a long-term creditor of £24.8m is supported by a repayment agreement and will not be called in for three years unless the development of the estate enables this to be repaid sooner. The Barclays loan has covenants which are planned to be met with repayments falling due until 2031.

The College will be impacted by inflationary increases as well as increased pressures on staff costs and recruitment of staff particularly considering its location and high cost of living. In addition, the College's specialist areas of curriculum (such as construction and engineering) require specialist staff that are in high demand both in the FE and private sector.

The Corporation has carried out an assessment of the key risks facing the College, which includes solvency and liquidity risks. The College's financial position has improved with an operating profit being returned in 2021-22 and a reduction in the overall deficit. The College is participating in supported FEC intervention in 2022-23 and is planning to increase the efficiency of its curriculum and estate.

Management will continue to review the financial performance of the College on a monthly basis, including an evaluation of actual results and forecasts compared to financial plans as well as detailed cash flow forecasting, reporting regularly to the Corporation

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

EVENTS AFTER THE REPORTING PERIOD
The College has the following events that occurred after 31 July 2020 and before issuing of these accounts:

- The UK continued to respond to National Lockdowns due to the COVID pandemic and on site teaching re-started in March 2021.

- On the 16th March 2023, the College signed a repayment agreement to repay £25m to the ESFA which is discounted to £24.8m and shown as a long-term creditor in these accounts.
- On the 16th March 2023, the College signed a contract with Cala Homes for the sale of land on the Weybridge Estate for the purpose of building homes. This sale will be subject to sufficient planning permission being granted by Elmbridge Borough Council.
- On the 3 November 2022, Andrew Baird, the Chair of Governors resigned. Barbara Spittle, the Vice Chair was subsequently appointed as Acting Chair.
- On the 29 November 2022 the ONS reclassified FE Colleges from the Private to the Public sector with immediate effect. There are additional controls as a result of this that the College is aware of and is complying with.

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

Approved by order of the members of the Corporation on 21 March 2023 and signed on its behalf by:

B. H. Spittle

Dr Barbara Spittle

Acting Chair of Corporation

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 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and

In the opinion of the Corporation, the College complies with all the mandatory provisions of the Code, and it has complied throughout the year ended 31 July 2020.

In July 2015 the College adopted the Code of Good Governance for English Colleges developed by the Association of Colleges in March 2015.

The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance; at all times, in carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges, issued by the Association of Colleges in March 2015 and adopted by the Corporation in July 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011.
The members of the Corporation, 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 the Corporation (known as the Full Governing Body) during the year are listed in the table below. Those marked (*) also acted as directors of the College's wholly owned dormant subsidiary, Brooklands Enterprises Ltd.

Committees are abbreviated as follows: FGB = Full Governing Body, CPR = Curriculum and Performance Review, Joint = Joint Audit and Resources Committee, PRG = Planning Remuneration and Governance, Resources = Resources, CSC = Capital Strategy Committee, AUD = Audit Committee.

1. The information on attendances is given for full Governing Body and individual committees. For example, 4/4 indicates four meetings were attended from a potential four possible attendances. A total of meetings attended and percentage figure is given for each Governor.

Name	**Date of Current Appointment**	**Term of Office**	**Term of office ends**	**Committee membership**	**Attendance record 2019-20**
Full Governing Body members - external appointments					
Andrew Baird Chair of Governors	Appointed 01/10/19	4 years	31/12/21	FGB 7/7CSC 1/1 RES 3/3 Joint 1/1 PRG 3/3 Total 15/15	CSC 100% Joint 100% PRG 100% FGB 100% Total 100%
Dr Barbara Spittle Vice-Chair	22/09/17	4 years	21/09/21	FGB 6/7 Chair of PRG 3/3 CPR 3/3 CSC 1/1 Total 13/14	FGB 85% PRG 100% CPR 100% CSC 100% Total 93%
Dr Andrew Gilchrist	11/12/19	4 years	11/12/23	FGB (for 4 meetings) 3/4 Chair of AUD (for 2 meetings) 2/2 PRG 2/2 Total 7/8	FGB 80% AUD 100% PRG 100% Total 88%
Fred Gray	12/12/18	4 years	11/12/22	FGB 5/7 Chair and AUD (for 1 meeting) 1/1 Joint 1/1 PRG 1/3 Total 10/14	FGB 71% AUD 100% RES 100% Joint 100% PRG 33% Total: 79%
Melanie Harding	03/04/19	4 years	02/04/23	FGB 5/7 CSC 1/1 RES (for 2 mtgs) 2/2 Total 8/10	FGB 71% CSC 100% Total 80%
Mary Hughes	12/12/18	4 years	11/12/22	FGB 7/7 CPR 3/3 AUD 2/3 Total 10/11	FGB 100% CPR 100% AUD 67% Total: 91%

Name	Date of Current Appointment	Term of Office	Term of office ends	Committee membership	Attendance record 2019-20
Full Governing Body members - external appointments					
Hilary Omissi	03/04/19	4 years	02/04/23	FGB 6/7 AUD 2/3 Total 8/10	AUD 67% FBG 85% Total: 80%
Jackie Pearson	16/07/14	4 years	15/07/20	FGB 5/7 Chair of CPR 3/3 PRG 3/3 Total 11/13	FGB 71% CPR 100% PRG 100% Total: 84%
Richard Rawes	03/04/14	4 years	02/04/20 Resigned 02/04/20	FGB 5/5 Chair of CSC 1/1 RES 1/1 PRG 2/2 Total 9/9	FGB 100% CSC 100% PRG 100% RES 100% Total: 100%
Paul Stedman	04/07/18	4 years	03/07/22	FGB 7/7 AUD (for 1 meeting) 1/1 Chair of RES (for 1 meeting) 1/1 Total 9/9	FGB 100% RES 100% AUD 100% Total: 100%

Principal					
Name	**Date of Current Appointment**	**Term of Office**	**Term of office ends**	**Committee membership**	**Attendance record 2019-20**
Christine Ricketts	25/03/20	*ex officio*	*ex officio*	FGB (for 2 meetings) 2/2 CPR (for 1 meeting) 1/1 RES (for 1 meeting) 1/1 PRG (for 1 meeting) 1/1 FGB (for 2 meetings) 2/2	FGB 100% CPR 100% RES 100% PRG 100% FGB 100% Total 5/5 100%
Staff Governors					
Andrew Barrett	13/12/16	4 years (1st term)	12/12/21	FGB (for 6 meetings) 2/6 RES 3/3 Total 5/9	RES 100% FGB 33% Total: 56%
Teresa Roberts	01/08/18	4 years (2nd term)	31/07/22	FGB (for 6 meetings) 4/6 CPR 3/3 Total 7/9	FGB 67% CPR 100% Total: 78%
Student Governors					
There was no formal student representation on the Corporation during the period					

The Governance Framework
It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality, human resources, health and safety, and corporate social responsibility. The Corporation met seven times during 2019-20. During 2019-20 the Corporation conducted its business through a number of committees. Each committee had terms

of reference, which were approved by the Corporation. These committees were the Audit Committee, the Curriculum and Performance Review Committee, Planning, Remuneration and Governance Committee, Resources Committee, and Capital Strategy Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Director of Governance at: Brooklands College, Heath Road, Weybridge, Surrey, KT13 8TT.The Director of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to the Corporation in a timely manner, prior to Corporation and committee meetings. Briefings are also provided on an ad hoc basis. The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer 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 operated a Planning, Remuneration and Governance Committee during the year, that was responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and ongoing training is provided to governors as required. Members of the Corporation are appointed for a term of office not exceeding four years, and may be reappointed for one further term up to a maximum of eight years' service.

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

Curriculum and Performance Review Committee
This Committee focuses on ensuring the Corporation discharges its responsibilities to determine the educational character and mission of the College and the oversight of its activities. From 1 August 2019 this Committee comprised Jackie Pearson, Dr Barbara Spittle and Mary Hughes and from 25 March 2020 Christine Ricketts.

Planning, Remuneration and Governance Committee
Throughout the year ended 31 July 2020, this Committee comprised Dr Barbara Spittle, Dr Andrew Baird, Jackie Pearson, Fred Gray and Richard Rawes (retired 2 April 2020) with Dr Andrew Gilchrist joining on 11 December 2019 and Christine Ricketts from 25 March 2020.

The Committee's responsibilities are to oversee the coordination of the business of the other sub committees and Governance.

As appropriate they

- make recommendations to the Corporation on the remuneration and benefits of the Principal and other senior post holders
- manage recruitment and succession planning for the Corporation, and
- keep the governance of the College under review through a governance quality improvement plan.

Details of remuneration for the year ended 31 July 2020 are set out in note 8 to the financial statements.

Audit Committee

On 1 August 2019 the Audit Committee comprised Fred Gray, Mary Hughes and Hilary Omissi with Dr Andrew Gilchrist replacing Fred Gray as both Chair and member on 11 December 2020. The Committee operates in accordance with written terms of reference approved by the Corporation and the Post 16 Audit Code of Practice. The Committee's purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets at least once a term and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main further education funding bodies, as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Resources Committee

On 1 August 2019 the Resources Committee comprised Paul Stedman, Richard Rawes, Dr Andrew Baird and Andrew Barrett with Fred Gray replacing Paul Stedman as Chair on 4 March 2020. Richard Rawes retiring from 2 April 2020 and Christine Ricketts joining on 25 March 2020. The Resources Committee meets at least once a term and provides a forum for reporting on the financial management and control of the College, health and safety, property matters and budgets. The Committee has access to the external auditors of the College and, in conjunction with the Audit Committee, receives the initial presentation of the financial statements.

Capital Strategy Committee
On 1 August 2019 The Capital Strategy Committee comprised Richard Rawes (Chair), Dr Barbara Spittle and Melanie Harding, Dr Andrew Baird joined the Committee for its sole meeting of the year on 13 November 2019 after which it was subsumed into the Resources committee with effect from 4 March 2020.

INTERNAL CONTROL

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, (in 2019-20 it was delegated to the Chief Executive) 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 they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between the College and the funding bodies. The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Shereen Sameresinghe was the Accounting Officer from 1 August 2019 to 31 December 2019.

Stephen Dowbiggin OBE was the Accounting Officer from 1 January 2020 to 31 July 2021.

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 on-going 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 Brooklands College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

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

The risk and control framework

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

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

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

Risks faced by the College

The Corporation reviews risk on a termly basis, where it reviews the College key risks to ensure that they are complete alongside the assessment of the type of risk the College is subject to, its severity, probability and mitigating actions that are in place, planned as well as an update. The key risks faced by the corporation are shown in the Strategic Report.

Control weaknesses identified

In 2019-20 the College identified further irregularities with sub-contracting activities, and the College notified the ESFA who conducted an investigation.

Responsibilities under funding agreements

The Corporation has ensured that adequate controls have been in place to ensure that the College has fulfilled its contractual responsibilities. This has been supported by the work of the Internal Audit Learner Number System audit.

Statement from the Audit Committee

The Audit Committee has advised the Corporation that the College has an effective framework for governance and risk management in place. The Audit Committee believes the College has effective internal controls in place. The specific areas of internal audit work commissioned by the Audit Committee in 2019-20 were:

• Staff Utilisation	Partial assurance
• Follow up on previous recommendations	Reasonable assurance
• Governance	Reasonable assurance
• Key Financial Controls	Reasonable assurance

They also undertook a number of further reviews but were not required to give assurances as they were advisory. These included:

- Curriculum Planning and process Review
- Sub-contracting spot checks Learner Number Systems

In their annual report the internal auditors decided that the College had weaknesses in the framework of governance, risk management and control such that it could become inadequate and ineffective. Following detailed review, the Corporation accepted the judgement of the internal auditor as it reflected the internal auditors work through the year but they felt this did not reflect the status of the College's governance, processes and risk management at the end of the year (given that significant progress that had been made in improving these).

The Corporation looked in particular at the learner number system report and were satisfied that some of the problems emanated from challenges (both to the College and the Auditors) in effectively sharing information which had been aggravated by a restructuring within the College and that the audit was conducted remotely because of the pandemic.

On receipt of analysis of the findings by internal audit, how they had been resolved and the total and level of risk this posed to funding they were, with the proviso that Internal Audit are commissioned to review the system again and assess it for risk, that they would accept the assurance of the Accounting Officer that they have confidence in the current system. In 2020-21 the Learner Number System was reviewed again by RSM who were of the opinion that there remained weaknesses in the framework for risk management, governance and internal control. This work was followed up in early 2021-22 by the Internal Auditors at that time (TIAA) who concluded that there were only 2 low recommendations outstanding (excluding one sub-contracted learner). In August 2021 the College introduced a new Learner Number IT system.

The annual report of the Audit Committee concludes that overall Governors could have confidence in its systems and therefore the joint meeting of Audit and Resources, on behalf of the Corporation formed 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*".

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)
INTERNAL CONTROL (continued)
Statement from the Audit Committee (continued)

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, other sources of assurance and risk management and a plan to address weaknesses and ensure continuous improvement of the system has been drawn up and is in place.

The senior leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control and advising the Corporation as appropriate.

The Corporation's agenda includes receipt of the minutes of the Audit Committee and a regular item for consideration of risk and control.

This ensures that the Corporation obtain the relevant degree of assurance both independently and from senior officers of the College and that risk is monitored and reported routinely and not merely by exception.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the corporation 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, the Corporation considers that the corporation has adequate resources to continue in operational existence for the foreseeable future. Forecasts have been prepared which demonstrate that the corporation can continue to operate within its current facilities on its present basis. For this reason, it continues to adopt the going concern basis in preparing the financial statements. The period considered after the reporting date is at least twelve months from the date when the financial statements are authorised for issue.

Approved by order of the members of the Corporation on 21 March 2023 and signed on its behalf by:

Dr Barbara Spittle

B.M. Spittle

Acting Chair of Corporation

Christine Ricketts

C. Ricketts.

Principal and Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance have been discovered and were notified to the ESFA in 2018-19 and 2019-20. If any further instances are identified after the date of this statement, these will be notified to the ESFA:

- The College failed to comply with funding regulations related to its subcontracting activities between 2014-5 and 2017-18, which was notified to the ESFA. Following this, the College withdrew from its subcontracting activities and was placed in FE intervention in 2019. There is a repayment agreement in place to repay the funding and this is included in the long-term creditors in the Financial Statements.

- As part of their internal audit work RSM were of the opinion that there were weaknesses in the framework for risk management, governance and internal control related to the Learner Number Systems, and they carried out further audit work in this area in 2020-21. This was followed up in 2021-22 by the Internal Auditors (TIAA) who concluded that there were only two low recommendations that were outstanding (excluding one subcontracted learner yet to complete). In August 2021 the College introduced a new Learner Number IT system.

Signed

C. Ricketts

Christine Ricketts
Principal and Accounting Officer
21 March 2023

STATEMENT OF THE CHAIR OF CORPORATION

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

Signed

B. M. Spittle

Dr Barbara Spittle
Acting Chair of the Corporation
21 March 2023

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

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and 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 College 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); and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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 relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, 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.

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

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

Approved by order of the members of the Corporation on 21 March 2023 and signed on their behalf by:

B. M. Spittle

Dr Barbara Spittle

Acting Chair of the Corporation

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF BROOKLANDS COLLEGE

Opinion

We have audited the financial statements of Brooklands College (the 'College') for the year ended 31 July 2020 which, with the Governors' report, comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of its deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governing Body is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Governing Body

As explained more fully in the statement of responsibilities of members of the Governing Body, the Governing Body 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 Governing Body determines 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 Governing Body 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 Governing Body either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 our report

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

Buzzacott LLP

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Dated: 21 April 2023

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY

To: The Corporation of Brooklands College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 25 August 2017 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 Brooklands College during the period 1 August 2019 to 31 July 2020 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 Brooklands 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 Brooklands 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 Brooklands College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Brooklands College and the reporting accountant

The Corporation of Brooklands 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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the College's income and expenditure.

The work undertaken to draw to our conclusion includes:

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY (continued)
Approach (continued)

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and

- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion
With the exception of the items noted in the Accounting Officer's Statement of Regularity, Propriety and Compliance, 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 2019 to 31 July 2020 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date 21 April 2023

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	Year ended 31 July 2020	Year ended 31 July 2019
		£'000	£'000
INCOME			
Funding body grants	2	10,128	13,967
Tuition fees and education contracts	3	855	971
Other income	4	154	397
Investment income	5	11	15
Donations and endowments	6	—	—
Total income		11,148	15,350
EXPENDITURE			
Staff costs	7	7,814	8,535
Fundamental restructuring costs	7	129	162
Other operating expenses	9	3,561	6,434
Depreciation and amortisation	12 & 13	1,078	1,148
Interest and other finance costs	10	327	318
Repayment of funding to ESFA	19	-	23,309
Total expenditure		12,909	39,906
Deficit before other gains and losses		(1,761)	(24,556)
Loss on disposal of fixed assets	13	—	(115)
Deficit before tax		**(1,761)**	**(24,671)**
Taxation	11	—	—
Deficit for the year		**(1,761)**	**(24,671)**
Unrealised loss on revaluation of fixed assets	13	(1,478)	(1,245)
Loss on unwinding of discount on amount due to ESFA under repayment agreement	17	(1,482)	-
Actuarial loss in respect of pensions	24	(5,099)	(1,982)
Total comprehensive expenditure for the year		**(9,819)**	**(27,898)**
Represented by:			
Unrestricted comprehensive expenditure		**(9,819)**	**(27,898)**

STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 31 July 2018	**6,438**	**29,978**	**36,416**
Deficit from the income and expenditure account	(24,671)	—	(24,671)
Other comprehensive expenditure	(3,227)	—	(3,227)
Transfers between revaluation and income and expenditure reserves	1,245	(1,245)	—
Total comprehensive expenditure for the year	(26,653)	(1,245)	(27,898)
Balance at 31 July 2019	**(20,215)**	**28,733**	**8,518**
Deficit from the income and expenditure account	(1,761)	—	(1,761)
Other comprehensive expenditure	(8,059)	—	(8,059)
Transfers between revaluation and income and expenditure reserves	1,478	(1,478)	—
Total comprehensive expenditure for the year	**(8,342)**	**(1,478)**	**(9,819)**
Balance at 31 July 2020	**(28,557)**	**27,255**	**(1,302)**

BALANCE SHEET AS AT 31 JULY 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Tangible fixed assets	13	43,820	46,233
Intangible fixed assets	12	71	90
Investments	15	—	—
		43,891	**46,323**
Current assets			
Trade and other receivables	14	617	650
Cash and cash equivalents	20	2,705	3,433
		3,322	**4,083**
Less: Creditors – amounts falling due within one year	16	(2,719)	(2,703)
Net current assets		**603**	**1,380**
Total assets less current liabilities		**44,494**	**47,703**
Creditors – amounts falling due after more than one year	17	(33,535)	(32,498)
Provisions			
Defined benefit obligations	19	(11,926)	(6,364)
Enhanced pension provision	19	(335)	(323)
Total net (liabilities) assets		**(1,302)**	**8,518**
Unrestricted reserves			
Income and expenditure account		(28,557)	(20,215)
Revaluation reserve			28,733
Total unrestricted reserves		**(1,302)**	**8,518**

The financial statements on pages 334 to 645 were approved and authorised for issue by the Corporation on 21 March 2023 and were signed on its behalf by:

Dr Barbara Spittle

Acting Chair of Corporation

Christine Ricketts

Accounting Officer

STATEMENT OF CASH FLOWS

	Notes	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Cash flows from operating activities			
Deficit for the year		(1,761)	(24,671)
Adjustment for non-cash items			
Depreciation and amortisation		1,078	1,148
Decrease in debtors		34	1,694
Increase/(decrease) in creditors due within one year		7	(1,113)
Decrease in creditors due after one year		(235)	23,083
Increase in provisions		(23)	(30)
Pensions costs less contributions payable		353	276
Adjustment for investing or financing activities			
Investment income		(11)	(15)
Interest payable		327	318
Loss on disposal of asset		—	115
Cash (used in)/provided by operating activities		**(231)**	**805**
Cash flows from investing activities			
Investment income		11	15
Grants to acquire fixed assets		—	371
Payments made to acquire fixed assets		(124)	(819)
		(113)	**(433)**
Cash flows from financing activities			
Interest paid		(182)	(195)
Repayment of amount borrowed		(202)	(189)
		(384)	**(384)**
Decrease in cash and cash equivalents in the year		**(728)**	**(12)**
Cash and cash equivalents at 1 August	**20**	**3,433**	**3,445**
Cash and cash equivalents at 31 July	**20**	**2,705**	**3,433**

1. Accounting Policies

Statement of Accounting Policies and estimation techniques

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 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). 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 and rounded to the nearest thousand.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

Basis of Consolidation

The financial statements include the College only and are not consolidated as the College's subsidiary, Brooklands Enterprises Limited, controlled by the Group was dormant in the period. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2020.

Going Concern

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

The College's management have prepared a three-year financial plan, with a rolling 12 month forecast for the Corporations.

The College currently has a fixed term loan with annual debt servicing costs of £208,000. The College operates without any overdraft facilities and at the 313 July 2020 had a positive cash balance of £2,705,000 (2019 £3,433,000). The College's forecasts indicate that it will be able to operate within the existing facility.

1. Accounting Policies (continued)

Going Concern (continued)
Accordingly, the College has continued to prepare the financial statements on a going concern basis, and the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future.

Recognition of Income

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

The recurrent grant from Office for Students represents the funding allocations attributable to the current financial year and is credited direct to the statement of comprehensive Income.

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

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

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

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

1. Accounting Policies (continued)

Agency Arrangements
The College acts as an agent in the collection and payment of learner support funds and bursaries. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account of the College and are shown separately in note 28, except for the 5 per cent of the grant issued which is available to the College to cover administration costs relating to the grant.

The College also acts as an agent for Employer Incentives and End Point Assessments where the related payments received from the funding bodies and disbursements are excluded from the income and expenditure account of the College.

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

Teachers' Pension Scheme (TPS)
The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

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

1. **Accounting Policies** (continued)

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

Enhanced Pensions
The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provision in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current assets - Tangible fixed assets

Freehold Land and buildings The College has adopted a policy of revaluation for its freehold properties. The freehold properties were valued to fair value by professional valuers at 31 July 2020.

The College's buildings are specialised buildings and therefore it is not appropriate to value them based on open market value. The buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost

In subsequent years, freehold properties will be held at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period

Freehold buildings are depreciated on a straight line basis over their expected remaining useful lives as assessed by external professional valuers (or assessed by the College in the intervening years between external valuations).

The remaining useful lives range from 2 to 50 years. The remaining useful life will be reviewed at the end of each accounting period, with the cost and accumulated depreciation re-stated as appropriate so that the carrying amount reflects the revalued amount of the asset. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Freehold buildings include structure, internal finishes of the building, and building plant and machinery, but exclude loose fittings. Borrowing and finance costs, which are directly attributable to the acquisition, construction or production of land and buildings, are capitalised as part of the cost of those assets.

1. Accounting Policies (continued)

Non-current Assets - Tangible fixed assets (continued)

Freehold Land and buildings (continued)

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

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

Leasehold Land and Buildings

The College has adopted a policy of revaluation for its leasehold properties. The leasehold properties were valued at fair value by professional valuers at 31 July 2020.

The College's buildings are specialised buildings and therefore it is not appropriate to value them based on open market value. The buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost.

In subsequent years, leasehold properties will be held at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Leasehold properties are depreciated on a straight line basis over the unexpired term of the lease.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

1. Accounting Policies (continued)

Non-current Assets - Tangible fixed assets (continued)

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College and is now fully depreciated. All other equipment is depreciated on a straight line basis over its useful economic life as follows:

- heavy plant – 15 years
- plant – 10 years
- heavy duty equipment – 7 years
- motor vehicles and general equipment - 5 years
- computer servers and infrastructure – 5 years
- computer equipment - 4 years
- software - 3 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

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

Non-current Assets – Intangible fixed assets
Intangible fixed assets such as software development are recognised based on section 18 of FRS 102 and are stated deemed cost less accumulated amortisation. Such assets are amortised on a straight line basis over their expected useful lives within five years from the day of purchased.

Leased non property assets
Costs in respect of operating leases are charged on a straight-line basis over the lease term to the statement of comprehensive income. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

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

1. Accounting Policies (continued)

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

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

Investments
Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

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

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

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

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

The College has a long-term creditor of £24.8m owed to the ESFA, this is discounted using the the bank of England base rate at the Balance Sheet date.

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

1. **Accounting Policies** (continued)

Taxation

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

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

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

Provisions and contingent liabilities

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

- Determine whether there are indicators of impairment of the College's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

1. **Accounting Policies** (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Determine whether there are indicators of impairment of the College's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding body grants

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Recurrent grants		
Education and Skills Funding Agency (ESFA) 16-18	7,138	7,862
Education and Skills Funding Agency (ESFA) adult	751	1,585
Education and Skills Funding Agency (ESFA) apprenticeships	787	2,989
Office for Students	12	10
Specific grants		
Education and Skills Funding Agency (ESFA)	427	186
Local Government funding income	470	790
Releases of government capital grants	235	225
HE grants	307	320
Total	**10,128**	**13,967**

3. Tuition fees and education contracts

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Adult education fees	40	73
Apprenticeship fees and contracts	15	49
Fees for FE loan supported courses	119	397
Fees for HE loan supported courses	290	40
Fees for full cost course	264	257
Total tuition fees	728	816
Education contracts	127	155
Total	**855**	**971**

4. Other income

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Other income generating activities	128	143
Miscellaneous income	26	254
Total	**154**	**397**

5. Investment income

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Other interest receivable	11	15
Total	**11**	**15**

6. Donations

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Unrestricted donations	—	—
Total	**—**	**—**

7. Staff costs

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

	2020	2019
	No.	No.
Teaching staff	158	181
Non-teaching staff	106	116
	264	**297**

Staff costs for the above persons

	2020	2019
	£'000	£'000
Wages and salaries	5,468	6,098
Social security costs	475	549
Other pension costs	1,600	1,472
Payroll sub total	**7,543**	**8,119**
Contracted out staffing services	271	416
	7,814	**8,535**
Fundamental restructuring costs – Contractual	129	162
Total staff costs	**7,943**	**8,697**

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 Postholders with the exception of the Clerk to the Governors. These comprised the Chief Executive, Principal, and the Chief Operating Officer.

Staff costs include compensation paid to key management personnel for loss of office.

8. Key management personnel (continued)

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	3	4

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

	Key management personnel	
	2020 No.	2019 No.
£70,001 to £80,000 p.a.	—	1
£80,001 to £90,000 p.a.	—	2
£90,001 to £100,000 p.a	2	—
£120,001 to £130,000 p.a.	1	—
£130,001 to £140,000 p.a.	—	1
	3	**4**

There were no other staff who received over £70,000. Including part time workers grossed up to full time equivalent, 2 members of key management personnel were paid in the £120,001 to £130,000 banding in 2020 (2019:1)

Key management personnel compensation is made up as follows:

	2020 £'000	2019 £'000
Salaries	246	358
Employers National Insurance	31	47
Benefits in kind	—	1
Redundancy	—	14
	277	**420**
Pension contributions	43	61
Total key management personnel compensation	**320**	**481**

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

8. **Key management personnel** (continued)

The above compensation includes amounts payable to the Accounting Officer. The role during 2019/20 was occupied by the Chief Operating Officer until the 31 December 2019, and the Chief Executive from the 1 January 2020. The pay and remuneration for occupiers of the role is as follows:

	2020 £'000	**2019 £'000**
Salaries	87	130
National Insurance	11	17
Benefits in kind	—	1
	98	148
Pension contributions	9	21
	107	**169**

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties, detailed in note 26.

The Corporation adopted the AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of key management personnel, including the Principal, is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance.

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

Relationship of Principal pay and remuneration expressed as a multiple:

	2020	**2019**
Principal's basic salary as a multiple of the median of all staff	2.95	4.26
Principal total remuneration as a multiple of the median of all staff	3.33	4.57

8. Key management personnel (continued)

Compensation for loss of office paid to former key management personnel

	2020 £	2019 £
Compensation paid to a former post-holder	—	14,175

The payment in 2019 was approved by the College's Chair of Governors, and was for statutory redundancy only.

9. Other Operating Expenses

	2020 £'000	2019 £'000
Teaching costs	1,079	3,752
Non-teaching costs	1,218	1,261
Premises costs	1,264	1,421
Total	**3,561**	**6,434**

Other operating expenses include:

	2020 £'000	2019 £'000
Auditors' remuneration:		
Financial statements audit and other services provided by the financial statements auditor	26	24
Internal audit	40	36
Subcontracting and partnering costs	536	3,171
Hire of assets under operating leases	61	66

10. Interest and other finance costs

	2020 £'000	2019 £'000
On bank loans, overdrafts and other loans:	182	195
	182	195
Net interest on defined benefit pension liability (note 25)	145	123
Total	**327**	**318**

11. Taxation

The College is not liable for any corporation tax arising out of its activities during the year ended 31 July 2020 or the previous year.

12. Intangible Assets

	Software & Development Costs £'000	Total £'000
Cost		
At 1 August 2019	331	331
Additions	19	19
At 31 July 2020	**350**	**350**
Amortisation		
At 1 August 2019	240	240
Charge in year	38	38
At 31 July 2020	**278**	**278**
Net book value at 31 July 2020	**71**	**71**
Net book value at 31 July 2019	**90**	**90**

13. Tangible fixed assets

	Freehold Land and Buildings	Leasehold	Equipment	Works In Progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1/8/2019	**89,500**	**1,560**	**7,887**	**18**	**98,965**
Revaluation	(3,894)	—	—	—	(3,894)
Additions	41	—	41	23	105
At 31/7/2020	**85,647**	**1,560**	**7,928**	**41**	**95,176**
Depreciation					
At 1/8/2019	**45,400**	**74**	**7,258**	**—**	**52,732**
Revaluation	(2,417)	—	—	—	(2,417)
Charge in year	753	39	248	—	1,040
At 31/7/2020	**43,737**	**113**	**7,506**	**—**	**51,356**
Net Book Value 2020	**41,910**	**1,447**	**422**	**41**	**43,820**
Net Book Value 2019	**44,100**	**1,486**	**629**	**18**	**46,233**

The freehold land and buildings include Brooklands College Weybridge and the leasehold properties include Brooklands College, Ashford (Thomas Knyvett School). Brooklands College, Ashford is on a 50 years lease from 7 September 2016.

The freehold properties known as Brooklands College Weybridge, and Brooklands College, Ashford (Thomas Knyvett School) were valued at 31 July 2020 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standard 2020 and Financial Reporting Standard 102 and the Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuations were undertaken on a Fair Value basis, and valued by reference to a Depreciated Replacement Cost approach. The valuation is reported under the special assumption to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced, except where stated separately within the valuation report. The valuer also re-valued these properties to 31 July 2019 for the purposes of these accounts.

14. Trade and other receivables

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade receivables	42	405
Prepayments and accrued income	483	234
Amounts owed by the ESFA	81	—
Other debtors	11	11
Total	**617**	**650**

15. Investments

The College owns a £2 investment representing 100% of the issued ordinary shares and voting rights in Brooklands Enterprises Limited, a company incorporated in England and Wales. The interest in Brooklands Enterprises Limited was effectively acquired on 1 April 1993 and has not been consolidated into the results of the College, as the company has not traded in the year.

16. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank loans (note 18)	213	202
Trade payables	44	162
Other taxation and social security	112	130
Accruals and deferred income	587	1,597
Deferred income - Government Capital Grants	238	238
Deferred income - Government Revenue Grants	72	41
Amounts owed to ESFA	1,230	32
Pension contributions	134	130
Other creditors	89	170
Total	**2,719**	**2,702**

Accruals and deferred income include accrued payments to subcontractors, accruals for capital works and invoices and fees received in advance for 2020-21.

17. Creditors: amounts falling due after one year

	2020 £'000	2019 £'000
Due to ESFA under a repayment agreement	24,791	23,309
Bank loans (note 18)	2,924	3,135
Deferred income - government capital grants	5,820	6,054
Total	**33,535**	**32,498**

The amount due to ESFA under a repayment agreement relates to funding due to be repaid to the ESFA resulting from subcontracting arrangements that did not comply with funding agreements in previous years. This provision is discounted using the Bank of England base rate at the end of July for each financial year. 80% of the amount due will not be required to be repaid for 3 years from 16th March 2023 unless the College is able to repay from sale of land. No further interest will be charged on this sum, above that already agreed by way of an arrangement fee. The remaining 20% due interest will be charged at 2.4% from 16th March 2023 and capital repayments made following an initial capital repayment holiday.

18. Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2020 £'000	2019 £'000
In one year or less	213	202
Between one and two years	225	212
Between two and five years	754	713
In five years or more	1,945	2,211
Total	**3,137**	**3,338**

At 31 July 2020, the College had one main loan facility of £5m repayable at 5.6% interest over 25 years, secured on the Barnes Wallis Building on the Weybridge campus.

19. Provisions

	Defined benefit obligations (note 25) £'000	Enhanced pensions £'000	Total £'000
At 1 August 2019	6,364	323	6,687
Movement in period	5,562	12	5,574
At 31 July 2020	**11,926**	**335**	**12,261**

19. Provisions (continued)
Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 25.

The ESFA funding repayment provision relates to the amount of funding due to be repaid to the ESFA resulting subcontracting arrangements that did not comply with funding agreements in previous years. This provision is discounted using the bank base rate at the end of July for each year.

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

The principal assumptions for this calculation are:

	2020	2019
Inflation rate (CPI)	2.2%	2.2%
Interest rate	1.3%	2.0%

20. Cash and cash equivalents

	At 1 August 2019 £'000	Cash flows £'000	Other changes £'000	At 31 July 2020 £'000
Cash and cash equivalents	3,433	(727)	—	2,705
Total	**3,433**	**(727)**	**—**	**2,705**

21. Capital and other commitments

	2020 £'000	2019 £'000
Commitments contracted for at 31 July	—	—
Commitments authorised but not contracted for at 31 July	770	—
	770	**—**

The £770,000 authorised in 2020 was for development of the new Hair and Beauty salon in Ashford in 2020-21. This was part funded by a £500,000 grant.

22. Lease Obligations

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

	2020 £'000	2019 £'000
Future minimum lease payments due		
Equipment		
Not later than one year	41	38
Later than one year and not later than five years	36	73
Total lease payments due	**77**	**111**

23. Events after the reporting period

The following events took place after the end of the reporting period, but prior to the financial statements being issued

- A repayment agreement was agreed between the College and the Secretary of State for Education for the repayment of £25m funding relating to historic subcontracting arrangements. This agreement was dated the 16 March 2023 and was for an initial amount of £20m with a subsequent amount of £5m payable after October 2031(including fees). The College will be given 3 years from the date of the agreement to repay the initial £20m before action is taken. Interest will be due and payable on the £5m until it is repaid.

- A contract between Cala Homes and the College was agreed for the sale of excess land and the development of housing on the Weybridge campus. The contract with Cala, when it goes unconditional, will realise £40m in land sale receipts for the disposal of property and land surplus to the College's current and longer term requirements. It will also generate other benefits in excess of £6m, enabling the College to access £6.75m from the ESFA FECT fund as a contribution towards the cost of resizing and refurbishing the estates and has allowed the College to gain approval in principle to access circa £6m investment from Surrey County Council to create a specialist facility to support learners with special learning needs. It will also enable the College to repay 80% of the funds at risk of recovery by the ESFA.

- One of the buildings on the Weybridge campus 'The Edge' was flooded in October 2022 due to excessive rain and the students and staff evacuated for safety reasons. The building remains largely unoccupied and is planned to be refurbished during 2023.

- The Office for National Statistics decided on the 29 November 2022 that FE Colleges will be classified within the Public sector from the Private sector with immediate effect. This introduced additional controls for the College from immediate effect.

24. Defined benefit obligations

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

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

24. Defined benefit obligations (continued)

Total pension cost for the year

		2020 £000		2019 £000
Teachers' Pension Scheme: contributions paid		606		497
Local Government Pension Scheme:				
Contributions paid	641		699	
FRS 102 (28) charge	353		276	
Charge to the Statement of Comprehensive Income		994		975
Enhanced pension charge to Statement of Comprehensive Income		—		—
Total pension cost for year within staff costs (note 7)		**1,600**		**1,472**

Contributions amounting to £133,752 (2019: £130,344) were payable to the schemes and are included in creditors.

24. Defined benefit obligations (continued)

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

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

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

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £805,073 (2019: £815,737).

24. Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Surrey Local Authority. The total contributions made for the year ended 31 July 2020 were £771,000 (2019 - £846,000), of which employer's contributions totalled £641,000 (2019 - £699,000) and employees' contributions totalled £130,000 (2019: £147,000). The agreed contribution rates for future years are 25.6% for employers and range from 5.5% to 9.9% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	**At 31 July 2019**
Rate of increase in salaries	3.1%	2.7%
Future pensions increases	2.2%	2.4%
Discount rate for scheme liabilities	1.4%	2.1%
Inflation assumption (CPI)	2.2%	2.4%
Commutation of pensions to lump sums for pre-April 2008	25%	25%
Commutation of pensions to lump sums for post-April 2008	63%	63%

24. Defined benefit obligations (continued)

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

	At 31 July 2020	At 31 July 2019
	years	years
Retiring today		
Males	22.1	21.6
Females	24.3	23.6
Retiring in 20 years		
Males	22.9	22.5
Females	25.7	25.0

Sensitivity Analysis

Increase (decrease) to net defined benefit liability as a result of a change in actual assumptions:

	At 31 July 2020	At 31 July 2019
Discount rate -0.5%	£3,242,000	£3,043,000
Salary increase rate +0.5%	£76,000	£223,000
Mortality assumption – 1 year increase	3-5%	3-5%
Mortality assumption – 1 year decrease	3-5%	3-5%
Pension increase rate +0.5%	£3,117,000	£2,780,000

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

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £'000	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019 £'000
Equity instruments	2.6%	15,254	2.8%	16,716
Debt instruments	2.6%	3,867	2.8%	3,947
Property	2.6%	1,719	2.8%	1,625
Cash	2.6%	645	2.8%	929
Total fair value of plan assets		**21,485**		**23,217**
Liabilities		**(33,411)**		**(29,581)**
Net liabilities		**(11,926)**		**(6,364)**

24. Defined benefit obligations (continued)

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

	2020	2019
	£'000	£'000
Fair value of plan assets	21,485	23,217
Present value of plan liabilities	(33,411)	(29,581)
Net pensions liability (Note 19)	**(11,926)**	**(6,364)**

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

	2020	2019
	£'000	£'000
Amounts included in staff costs		
Current service cost	984	932
Past service cost	10	43
Total	**994**	**975**
Amounts included in finance costs		
Net cost	488	614
Net interest cost	(626)	(733)
	(138)	**(119)**
Amount recognised in Other Comprehensive Income		
Changes in demographic assumptions	(756)	1,514
Experience gain on defined benefit obligations	(2,997)	(3,933)
Return on pension plan assets	(2,175)	584
Experience losses arising on defined benefit obligations	857	—
Amount recognised in Other Comprehensive Income	**(5,071)**	**(1,835)**

Movement in net defined benefit liability during year

	2020	2019
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(6,364)	(4,134)
Movement in year:		
Current service cost	(984)	(932)
Employer contributions	641	699
Past service cost	(10)	(43)
Net interest on the defined liability	(138)	(119)
Actuarial gain or loss	(5,071)	(1,835)
Net defined benefit liability at 31 July	**(11,926)**	**(6,364)**

24. Defined benefit obligations (continued)

Asset and Liability Reconciliation

	2020 £'000	2019 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	29,581	25,977
Current service cost	984	932
Interest cost	626	733
Contributions by scheme participants	130	147
Experience gains and losses on defined benefit obligations	(857)	—
Changes in financial assumptions	2,997	3,933
Changes in demographics assumptions	756	(1,514)
Estimated benefits paid	(816)	(670)
Past service cost	10	43
Defined benefit obligations at 31 July	**33,411**	**29,581**

Changes in fair value of plan assets

	2020 £'000	2019 £'000
Fair value of plan assets at 1 August	23,217	21,843
Interest on plan assets	488	614
Return on plan assets	(2,175)	584
Employer contributions	641	699
Contributions by Scheme participants	130	147
Estimated benefits paid	(816)	(670)
Fair value of plan assets at 31 July	**21,485**	**23,217**

26. Related party transactions

Owing to the nature of the College's operations and the composition of the Corporation 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 Corporation 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.

Transactions with the funding agencies, Office for Students and the local authorities are detailed in notes 2, 14, 16 and 19.

The total expenses paid to or on behalf of the members of the Corporation during the year was £279 to one Governor (2019: £126; one Governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Corporation meetings and College events in their official capacity.

No member of the Corporation has received any remuneration or waived payments from the College or its subsidiaries during the year (2019: None).

25. Amounts disbursed as agent

	2020 £'000	2019 £'000
Funding body grants – Bursary Support (ESFA)	161	132
Funding body grants – Vulnerable Young People bursary	13	41
Funding body grants – Advanced Loan bursary	70	63
Funding body grants – Capacity and delivery bursary	12	8
Funding body grants – Residential support	8	4
	264	248
Disbursed to students	(230)	(204)
Administration costs	(15)	(13)
Balance unspent as at 31 July, included in creditors	**19**	**31**

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the statement of comprehensive income. The income and expenditure in the College's financial statements relates to the payment of course fees, nursery fees and travel costs by the College on the student's behalf.

	2020 £'000	2019 £'000
Employer incentives received – Apprenticeships	50	237
End Point Assessments	—	(51)
Disbursed to employers and suppliers	(77)	(237)
Balance unspent as at 31 July, included in creditors	**(27)**	**(51)**

Funds are provided for employers and providers to be paid an incentive for taking on apprentices as well as paying organisations to conduct End Point Assessments for apprentices. The College is only acting as a paying agent and therefore the funds received and the disbursements are excluded from the statement of comprehensive income.