



Report & Financial Statements

for the year ended 31 July 2021

RUNSHAW COLLEGE

Contents

- 03** Highlights
- 04** Key Management Personnel, Board of Governors and Professional advisers
- 05** Strategic Report
- 20** Statement of Corporate Governance and Internal Control
- 30** Statement of Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding
- 31** Statement of Responsibilities of the Members of the Corporation
- 32** Independent Auditor's Report to the Corporation of Runshaw College
- 36** Statement of Comprehensive Income
- 37** Statement of Changes in Reserves
- 38** Balance Sheet as at 31 July
- 39** Statement of Cash Flows
- 40** Notes to the Accounts



Highlights



B+

The average A Level grade this year; and at least a B every year for over 10 years!

9 in 10

Advanced Vocational students achieved High Grades, and 100% Pass Rate.

43

offers this year for Medicine, Dentistry, Veterinary Science and Oxbridge.

UK Top 20!

One of the Telegraph's best colleges in the country for getting a place at Oxbridge!

Number 1

Most learners progress to outstanding first choice destinations (HE, degree apprenticeships and high level employment).

Finalist of the Educational Institution of the Year in the Lancashire Chamber of Commerce 'Be Inspired Business Awards' 2021.



Key Management Personnel, Board of Governors and Professional advisers

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as Senior Postholders and were represented by the following in 2020/21:

Clare Russell Principal and CEO; Accounting officer

Martin Rigby Deputy Principal

Zoe Smallman Deputy Principal

BOARD OF GOVERNORS

Members of the Corporation are listed on pages 21 and 22.

Mrs F Hussein acted as Clerk to the Corporation throughout the period.

PROFESSIONAL ADVISERS

Financial statement and regularity auditors	RSM UK Audit LLP
Internal auditors	Mazars
Bankers	Royal Bank of Scotland plc Barclays Bank plc Santander UK plc
Solicitors	Mills and Reeve LLP DLA Piper UK LLP
Insurers	Zurich Municipal

The members present their report and the audited financial statements for the year ended 31 July 2021.

INTRODUCTION

Runshaw College is a highly successful Further Education College with a national reputation for academic excellence. Established in 1974, it has been graded 'Outstanding' by Ofsted for over 25 years.

The College provides education for around 5000 young people aged 16-18, plus around 1000 adult students and apprentices. The main college campus is located on Langdale Road, Leyland, right next to the beautiful Worden Park. The Science, Engineering and Innovation Centre is located on Euxton Lane, Chorley.

Runshaw College is one of the largest providers of A Level courses in the country, offering an extensive range of over 40 different subjects. The sixth form curriculum also includes a very broad range of vocational courses, from entry levels to level 3. Students consistently achieve some of the strongest outcomes nationally, and progress in large numbers to prestigious destinations including Oxford and Cambridge, Medicine, Dentistry and Veterinary Science courses, prestigious conservatoires and competitive degree apprenticeships.

LEGAL STATUS AND PUBLIC BENEFIT

The Corporation, incorporated as Runshaw College, was established under the Further and Higher Education Act 1992 to provide further education, principally for the Lancashire boroughs of South Ribble and Chorley.

Runshaw College is an exempt charity under part 3 the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England.

The members of the Governing Body, who are trustees of the Charity are disclosed on pages 21 and 22.

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

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

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

The delivery of public benefit is covered throughout this Strategic Report.

Mission, Vision, Values and Theme



The College has a longstanding mission, which is reviewed and endorsed annually. This is underpinned by the College's vision, values and biennial theme.

Mission

We believe **education changes lives**, so we **put teaching and learning** and the needs **of our students first**.

Theme

Changing Lives in
Changing Times

Vision



A GREAT PLACE
TO STUDY



A GREAT PLACE
TO WORK



A GREAT PLACE
FOR PARTNERSHIPS
AND COMMUNITY

Values



EXCELLENCE



ENJOYMENT



DEDICATION



RESPECT

Strategic Report

IMPLEMENTATION OF THE 2020/21 STRATEGIC PLAN

In July 2020 the College adopted a strategic plan for the period 1 August 2020 to 31 July 2021, including property and financial plans. The Corporation monitors the performance of the College against these plans.

The College's specific objectives for 2020/21 and achievement of those objectives is addressed below.

Objective	Achievement
Continuing our journey to "Excellence Everywhere" so that we can be sure that all of our learners are benefitting from "outstanding" educational experiences;	The College has a strong focus on quality and rigorous self assessment process, which has once again produced exceptional results for all learners and stakeholders. A Level students have achieved extremely strong results, with an average grade of B+ and 73.4% High Grades (A*-B) overall. Advanced Vocational students achieved a 100% pass rate with 38.4% top grades and 87.4% high grades.
Further improving and extending external partnerships so that we can even better (identify and) meet the needs of our community;	During 2021, the College developed a highly effective Employer Partnership Board. A Governor lead Task and Finish Group focussed upon Stakeholder engagement has also proved to be very effective. The College continues to have a proactive involvement in local forums, such as the Chorley Council Public Services Executive and the South Ribble Leaders' Board,
Further improving our estate & facilities so that all staff and students can enjoy the benefits of a high-quality (and high-tech) work/learning environment.	The estate and facilities have been substantially improved through investment of £1.2m ESFA college condition improvement funding. Completed works include improvements to communications infrastructure, external car park and road surfaces, internal flooring, air conditioning and heating and lighting replacements.

STRATEGIC PLAN 2021-22

In July 2021, the Corporation approved a new Three Year Strategic Plan. The plan sets out the following six over-arching key strategic priorities for the three year period from 2021 to 2024.



Specific objectives for 2021-22, as aligned to the Colleges over-arching key strategic priorities are:



Quality

- Ensure that our curriculum offer matches national, regional and local needs
- Make better use of destinations information to inform curriculum intent
- Development of Personal Development strategies
- Further improve enrichment opportunities, to match students' ambitions and career aspirations
- Develop strategies to address gaps in students knowledge and skills (particularly as a result of COVID-related differential learning losses)



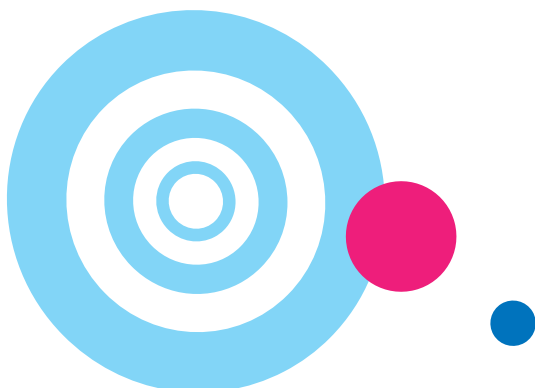
People

- Further develop strategies to support the positive Mental Health and Wellbeing of our staff and students
- Make better use of our college values, behaviours and competencies
- Further promote inclusion and diversity for all staff and students
- Consider how our student support services can better meet the needs of students
- Further improve Continual Professional Development (CPD) for all staff.



Innovation

- Share best practice in Teaching & Learning with a wider range of external partners
- Learn from what worked well during the pandemic, to adapt and enhance ways of working across the college
- Find new ways to reward and encourage staff innovation
- Find new ways to reward and encourage student innovation
- Identify and adopt best practice in the use of innovative learning technologies





Community

- Develop the impact of the Employer Partnership Board
- Establish peer networks with other successful colleges and schools
- Develop the impact of the Principal's stakeholder meetings
- Increase the presence and visibility of Runshaw College at a local and regional level
- Carefully manage the demographic increase in 16-18 year olds



Sustainability

- Introduce a consultation process in relation to climate change and sustainability
- Develop a carbon reduction plan
- Further develop our energy reduction strategies
- Increase the impact of our Travel Plan



Finance

- Continue to secure strong financial health
- Benchmark pay and conditions, to ensure they are sector leading
- Further improve approaches to risk management and assurance planning
- Develop procurement processes to support the local economy and community and
- Identify ways to develop our campus, improving the facilities to match the changing demands of industry and students

A series of performance indicators have been agreed to monitor the successful implementation of the strategies.

KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators and systematically and regularly monitors KPIs at team, manager, senior management and governor level throughout the year.

A governor dashboard summarises KPIs for the college – the outcomes for 2020/21 are shown below:

Summary Judgement Statement	
Recruitment	Buoyant recruitment to a large majority of programmes, despite the demographic decline in the number of school leavers & disruption caused by the COVID-19 pandemic.
Attendance (Att.)	Very high levels of att. across most programmes, when compared to sector.
Retention Rates (RR)	Very high RR. on a large majority of programmes.
Results / outcomes (2019-20) <ul style="list-style-type: none"> • Pass Rates (PR) • High Grades (HG) • Added Value (AV) • Achievement Rates (AR) 	Outstanding outcomes across Education Programmes for Young People (EPYP).
Key Issues Courses	A majority (60%) of key issues areas are on track to meet target.
Safeguarding & Prevent	Safeguarding is highly effective.
Internal Stakeholder Feedback	Very high levels of stakeholder satisfaction.
External Stakeholder Feedback	Very high levels of satisfaction from Partner High Schools (PHS). Improving relationships with employers & the community.
Finances	Financial KPIs confirm ESFA 'Good' financial health.
Risk Register	The College has an effective, well-established process for risk management.

Other specific KPIs for the year ended 31 July 2021 are shown below:

Key Performance Indicator	Actual Performance	Target/ Measure	Target achieved
16-18 learner numbers (at Oct 20 census date)	4,964	4,960	Y
Operating surplus (excl. pensions and exceptional items)	£416,000	£13,000	Y
Loan covenant compliance	Compliant	Compliant	Y



RESOURCES

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

People

The College employs 617 staff, of whom 357 are teaching staff.

Student numbers

The college enrolled approximately 5,800 students in 2020/21. The college's student population includes 4964 16-to-18-year-old students, 289 apprentices, 32 higher education students and 655 adult learners.

Financial

The College has £1.8m net current assets and £0.2 million net assets (including £19.8 million pension liability and long term debt of £4.7 million).

Tangible resources include the main 26 acres freehold Leyland Campus at Langdale Road and freehold Chorley Campus at Euxton Lane.

Reputation

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

Stakeholders

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

- its current, future and past students
- its staff
- employers
- funding bodies and exam boards
- FE commissioner
- partner high schools
- local borough councils and Local Enterprise Partnership
- contractors and suppliers
- neighbours and local community
- trade unions
- professional bodies
- other FE institutions.

The College recognises the importance of these relationships and engages in regular communication with them through meetings, verbal and written communications and the College internet site.

FINANCIAL POSITION

Financial performance

The College exceeded its budget position for the year ended 31 July 2021 (Budget Surplus: Actual = £416,000, Budget = £13,000). Variances from budget are shown below. The College was able to mitigate the adverse impact of COVID through proactive budget management strategies.

	£
2020/21 budget surplus	13,000
Significant variances:	
Apprenticeship recruitment better than budget	314,000
Net shortfall in catering income due to COVID closures/remote learning	(316,000)
Contingency budget used to offset COVID risks	502,000
Premises capital project development and COVID maintenance/hygiene works	(319,000)
Depreciation savings due to delay in capital expenditure	230,000
Other miscellaneous variances	(8,000)
2020/21 actual surplus	£416,000

A specific ESFA grant of £1.2m was received in September 2020 for premises condition improvement projects. This was fully spent during the year.

Financial results

Before the impact of FRS102 pension adjustments, the College generated a surplus of **£416,000** (2019/20 – surplus of £52,000).

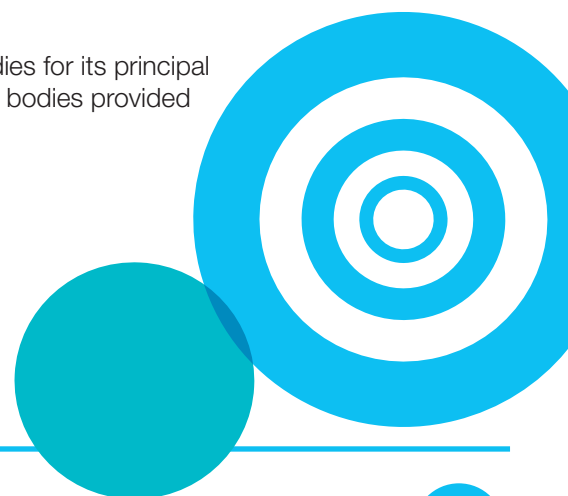
The College is reporting a deficit before other gains and losses in the year of **£1,231,000** (2019/20 – deficit of £1,346,000). This deficit includes a charge of **£1,647,000** (2019/20 - £1,405,000) in respect of defined benefit pension obligations.

Total income for the year was **£29,054,000** (2019/20 - £26,494,000).

The College has total net assets of **£162,000** and cash and short term investment balances of **£4,249,000**. The College intends to generate cash to assure its financial position and to continue to improve buildings and resources.

Tangible fixed asset additions during the year amounted to **£943,000**. This was in respect of equipment purchased.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21 the FE funding bodies provided **94%** of the College's total income (2019/20 – 89%).



Strategic Report

In 2020/21 the College has delivered activity that has produced **£24,878,000** in funding body main allocation funding (2019/20 – £22,552,000).

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

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

Cash flows and liquidity

At **£2,462,000** (2019/20 £1,298,000), net cash flow from operating activities remained strong, despite the impact of COVID-19.

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

Reserves Policy

The College seeks to maintain adequate levels of reserves to:

- (1) satisfy all bank loan covenants;
- (2) ensure that FRS 102 Pension Costs (insofar as they are reasonably foreseeable) are comfortably exceeded;
- (3) provide assurance with regard to the risk of insolvency by retaining sufficient cash balances to mitigate against income risks and unforeseen emergency expenditure; and
- (4) appropriately support and fund the College's long term property strategy.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2020 to 31 July 2021, the College paid 97% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There have been no significant post balance sheet events requiring disclosure in the financial statements.

OTHER DISCLOSURES

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.

Table 1 - Relevant union officials

Number of employees who were relevant union officials during the period 1 April 2020 to 31 March 2021	Full-time equivalent employee number
6	5.6

Table 2 - Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1-50%	
51%-99%	6
100%	

Table 3 - Percentage of pay bill spent on facility time

Total cost of facility time	£6,877
Total pay bill	£18,530,056
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

Table 4 - Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	2.10%
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Gender Pay gap

As part of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, all employers of 250 or more employees are required to publish their gender pay gap as at 30th March on an annual basis.

As at 30th March 2021	
Difference between men and women	<p>Pay Quartiles</p> <p>71% 29% 86% 14% 75% 25% 66% 34% 59% 41%</p> <p>All Staff (March 2021) Lower Quartile Lower Middle Quartile Upper Middle Quartile Upper Quartile</p>
Mean / Average	16.9%
Median / Middle	22.0%

VALUING DIVERSITY

Equality, diversity and inclusion are at the heart of all aspects of the college's work. Advancement of equality of opportunity permeates the college and has been well established for many years. The college continues to strive to maintain and continually improve this. Appropriate policies, procedures and projects are in place so that the college fulfils and often exceeds legal requirements.

Equality and diversity at Runshaw is led by various management groups:

- Student Support Managers (student focus)
- SMT Quality (quality focus)
- SMT Monitoring (includes staffing focus)
- Equality and diversity champions
- Mental health champions.

We have clear duties under The Equality Act 2010 and seek to exceed these wherever possible. We are committed to the elimination of all types of discrimination and will take appropriate action to implement our Equality and Diversity and our Anti-Bullying Policy. These policies are resourced, implemented, regularly monitored and published on the College's Internet site.

The College has adopted the Government's voluntary framework aimed at employers with over 250 staff to report information on disability, mental health and wellbeing in the workplace. The College has a variety of organisational policies that support the recruitment and retention of disabled people. This includes a Recruitment and Selection Policy, Equality and Diversity Policy and Special Leave Policy that provides for disability leave.

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

An Equality and Diversity report is published annually and progress towards achieving equality and diversity goals is monitored by managers and governors.

Information about student admissions, specialist learning programmes, learner achievements and destinations, counselling and welfare services, complaints and disciplinary procedures is available on the College website, prospectuses, student diary and other publications.

The College has complied with the Gender Pay Gap reporting regulations.



The College is a Disability Confident Employer (Level 2) which demonstrates our commitment to create an inclusive and welcoming environment for disabled people and those with long-term health conditions.

PRINCIPAL RISKS AND UNCERTAINTIES:

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 governing body 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. 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. Management oversight forums and sources of internal and external assurance are also included on the risk register. Risks are prioritised using a consistent scoring system. The Audit Committee review the full risk register and advise of the risks for close monitoring by the Corporation.

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

COVID-19

The impact of COVID-19 on the education sector and UK economy as a whole continues to be a significant and far-reaching risk. The College responded to the emergence of the pandemic in March 2020 through swift implementation of its Business Continuity Plan. Remedial action was taken during 2020/21 to ensure a positive financial outturn for the College.

This process continued into 2020/21, with a governor COVID task and finish group and SMT Incident Management Team, including a comprehensive COVID recovery action plan. The key drivers in the COVID response plan are:

- (1) To protect the health, safety and wellbeing of all members of our college community; and
- (2) To provide outstanding teaching, learning and assessment and support for all learners.

Ongoing key issues related to COVID include:

- (i) Recruitment to apprenticeship provision may be adversely impacted as employers face tough economic conditions
- (ii) Learner attendance may be negatively impacted, resulting in lower achievement rates
- (iii) Financial losses for transport and catering provision in the event of College closure or reduced on campus activity (due to the impact of social distancing requirements)
- (iv) Higher than usual staff absence rates impacting productivity and quality of service.

Mitigating strategies include:

- comprehensive risk assessments and publication of key control measures
- outbreak plans and monitoring of COVID cases across the college community
- careful and prudent business planning and financial control
- flexible delivery models allowing for a seamless transition between on-campus and remote teaching and learning.

Changing Government Policy

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2020/21, 94% of the College's revenue was ultimately publicly funded and this level of funding is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels, especially in the economic aftermath of COVID-19. The College continues to mitigate this risk through careful financial planning and management of resources.

Competition

Competition from other educational institutions is a high priority risk for the College. Whilst the College is confident in its quality and exceptional results, management are also conscious of the increasing competitive environment in which it is operating. COVID-19 has presented an additional risk for competition as different institutions are able to respond to the pandemic in different ways. Mitigating strategies include a focus on inspirational promotional events and review of admissions policies.

Reputation

The continuing high standards in academic results place the College amongst the best performing in the country, thereby sustaining a reputation for excellence. Marketing opportunities publicise the College in its highly competitive local market, especially with regard to the College's longstanding OFSTED outstanding rating. The College continually strives to improve its performance and service to students.

Maintain adequate funding of pension liabilities

Accounting for defined benefit pension schemes under FRS 102 is a risk as the relevant pension scheme is not under the College's direct control and is accounted for in accordance with the advice of independent qualified actuaries. Significant judgements are needed in assumptions for future salary increases, inflation, investment returns and member longevity that underpin valuations. Changes in these key assumptions can have a significant impact upon the valuation of the reported liability. The College mitigates this risk by ensuring careful forecasting and regular communications with banks and other key stakeholders.

Facilities

The College recognises a risk that inadequate facilities and accommodation may adversely impact recruitment if learners choose to enrol at institutions with newer, more attractive facilities. The College is pursuing a strategy of incremental improvement to its estate and facilities, subject to affordability, taking account of the local area educational and economic needs. Larger scale projects are dependent upon successful capital grant bids and/or access to other funding streams. Mitigating strategies include careful financial planning and allocation of resources, maximising capital bid opportunities and a continued focus on quality and reputation.

Data security and General Data Protection Regulations ("GDPR")

The College is exposed to the risk that IT systems, upon which it relies, may fail. There are appropriate controls in place to cover the risk of system failure, including back-up procedures and disaster recovery plans. Furthermore, as with all Colleges, Runshaw College keep information about staff, students and other parties to allow it to operate as a successful Further Education institution and meet its legal obligations. As such, there are inherent risks to holding and processing such data and the potential impact of any breach of GDPR principles. In mitigation of this risk, the College has a comprehensive staff training programme and follows appropriate policies and procedures to ensure the safety of all data.

Credit and counterparty risk

The College has Financial Regulations and a Treasury Management policy that address the risk of loss due to poor credit control or investment decisions. The College places surplus funds for terms not exceeding one year with several UK banks that have suitable credit ratings.

FUTURE PROSPECTS AND GOING CONCERN

The environment for FE Colleges continues to be an increasingly challenging one. Despite this, the College continues to deliver exceptional quality and outcomes for learners and has maintained financial stability. Recruitment numbers for 2021/22 have once again been very strong, which, along with exceptional results, provides real confidence with regard to the future prospects of the College.

However, the continuing impact of COVID-19 on the UK economy cannot be ignored, but it is uncertain how this will affect the FE sector, especially in regard to future funding rates. The lagged funding system provides the College with some certainty and, for 2021/22, a surplus budget has been produced, including cautious assumptions and a contingency allowance to offset risk. Management and governors are confident in meeting financial targets.

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. In addition, the Corporation also consider the following factors to be relevant with regard to the long term viability of the College.

- Runshaw College is one of the highest achieving colleges in England
- Learner satisfaction is extremely high and has improved every year for the last eight years
- The College has strong and stable finances, satisfying all bank covenants and with a robust long term cash forecast
- The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21 the FE funding bodies provided 94% of the College's total income (2019/20 – 89%)
- 16-18 funding is lagged and, at the date of signing the financial statements, is therefore relatively certain for 2021-2023. An allocation of £25.3m has been confirmed for the year ended 31 July 2022
- Recruitment at the College has remained buoyant, despite declining demographics.

For this reason, the going concern basis is adopted in preparing the financial statements.

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 6 December 2021 and signed on its behalf by:



W Middleton - Chair

Statement of Corporate Governance and Internal Control



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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the AoC Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the essential provisions of the AoC Code, and it has complied throughout the year ended 31 July 2021.

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

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

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 matters and personnel-related matters such as health and safety and environmental issues. The Corporation Board meet five times during the year.

The Head of Governance maintains a register of financial and personal interests of governors. The register is available for inspection by arrangement with the Head of Governance.



Statement of Corporate Governance and Internal Control

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

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

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

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

MEMBERS OF THE CORPORATION

The members who served the Corporation during the year and up to the date of signature of this report are:

Members of the Corporation	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
A Watson-Bird	Dec 2018	4 yrs	Audit (Chair); Search and Governance	80%
P Bailey	Mar 2021	4 yrs	People and Organisational Development Remuneration	80%
Y Bradshaw (Vice Chair)	Dec 2013 Dec 2017	4 yrs	Search and Governance (Chair); Standards and Curriculum	100%
J Chatwood	Mar 2011 Mar 2015 Mar 2019	4 yrs	Finance (Chair)	100%
S Gregson	May 2019	4 yrs	Audit Committee Resigned December 2020	100%
J Jariwala	Sep 2013 Sep 2017 Sep 2021	4 yrs	People and Organisational Development (Chair) Remuneration (Chair)	100%
M Jay	Jul 2015 Jul 2019	4 yrs	Audit	60%
M Lowe	Mar 2021	4 yrs	Audit	100%
W Middleton (Chairman)	Dec 2017 Dec 2018 Sep 2021	4 yrs	Finance Remuneration	80%
G Murphy	Feb 2021	4 yrs	Standards and Curriculum	67%

Statement of Corporate Governance and Internal Control



Members of the Corporation	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
A Oladapo	Mar 2021	4 yrs	Search and Governance	50%
A Pratt	Mar 2013 Mar 2017	4 yrs	Search and Governance. Term of Office ended March 2021	100%
C Russell (Principal from August 2020)	Aug 2020	-	All apart from Audit	100%
J Venn	Mar 2011 Mar 2015 Mar 2019	4 yrs	Standards and Curriculum (Chair)	100%

Staff Elected Members	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
R Cobourne	June 2020	4 yrs	Standards and Curriculum	100%
P Pye	July 2019	4 yrs	People and Organisational Development	100%

Student Elected Members	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
J Gill	Dec 2019	2 yrs	Standards and Curriculum Left College May 2021	67%
S Hafiz	Dec 2020	2 yrs	Standards and Curriculum	100%



Statement of Corporate Governance and Internal Control

Co-opted members	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
M Balshaw	Nov 2018	4 yrs	Finance	N/A
D Bourne	Mar 2012 Apr 2016 Apr 2020	4 yrs	Remuneration and People & Organisational Development	N/A
S Carrier	Nov 2018	4 yrs	Finance	N/A
D Chamberlain	May 2021	4 yrs	Finance	N/A
D Grime	July 2019	4 yrs	Standards and Curriculum	N/A
G Hall	Nov 2018	4 yrs	Finance	N/A
S Haycocks	July 2019	4 yrs	Standards and Curriculum	N/A
B Houston	Sep 2018	2 yrs	Standards & Curriculum Term of Office ended Sep 2020	N/A
M Lowe	Apr 2019	4 yrs	Audit Appointed to the Board March 2021	N/A
K Lee	Jan 2019	2 yrs	Finance Term of Office ended Jan 2021	N/A
M Lylyk	Nov 2018	4 yrs	Audit Search & Governance (From April 2021)	N/A
T Webster	Feb 2021	4 yrs	Standards & Curriculum	N/A
L Myers	Sep 2018	4 yrs	Remuneration and People & Organisational Development	N/A
P Zak	Dec 2008 Dec 2012 Dec 2016 Dec 2020	4 yrs	Finance	N/A

APPOINTMENTS TO THE CORPORATION

Any new appointments to the Board are a matter for the consideration of the Corporation as a whole. Members of the Corporation are appointed for a term of office not exceeding four years, and are eligible for re-appointment upon completion of their first term.

Statement of Corporate Governance and Internal Control



COMMITTEES

The Corporation conducts its business through a number of committees. Each committee has terms of reference that have been approved by the Corporation. These committees are Finance, Remuneration, People & Organisational Development, Search & Governance, Audit, and Standards and Curriculum. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Head of Governance at Langdale Road, Leyland, PR25 3DQ and are on the College's website at <https://www.runshaw.ac.uk/about-runshaw/governance/accountability/>.

Finance committee

The Finance committee includes eight members, meeting termly. The committee's responsibilities include monitoring, challenge and review of monthly management accounts, annual statutory financial statements, annual budgets and financial forecasts and approval of key financial policies. The committee also monitors property and facilities strategies on behalf of the Corporation.

People and Organisational Development committee

The People & Organisational Development committee includes six members and meets termly. The committee's responsibilities include monitoring and advising the Corporation on the College's equality and diversity practices including the Equality and Diversity Annual Report in line with statutory requirements. The Committee also advises on key performance indicators such as staff satisfaction, staff absence and staff turnover. The committee also advises the Corporation on the College's health, safety and wellbeing policy and performance.

Remuneration Committee

The Remuneration committee includes five members and meets at least twice during the academic year. The committee's responsibilities include making recommendations to the Corporation on the remuneration of the Accounting Officer and other senior post-holders. Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

Search and Governance committee

The Corporation has a Search and Governance committee, comprising of five members, meeting termly. The committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. It also advises the Corporation on matters relating to the good governance of the College.

Standards and Curriculum committee

The Corporation has a Standards and Curriculum committee, consisting of ten members, is responsible for monitoring the College's quality framework and the impact and effectiveness of teaching and learning at the College.

Audit committee

The Audit Committee comprises five members. The Accounting Officer and Chair are excluded from membership. The committee meets termly and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the committee for independent discussion, without the presence of College management. The committee also considers other relevant reports. The



Statement of Corporate Governance and Internal Control

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The audit committee met three times in the year to 31 July 2021. The members of the committee and their attendance records are shown below:

	November 2020	March 2021	June 2021
Alison Watson Bird (Chair)	Attended	Attended	Attended
Martin Lylyk	Attended	Attended	Attended
Martina Jay	Attended	Attended	Attended
Michael Lowe	Attended	Attended	Attended
Stephen Gregson (To Nov 2020)	Apologies Tendered	N/A	N/A

TASK AND FINISH GROUPS

When deemed appropriate, the Corporation will convene a 'Task and Finish' group to focus upon a specific issue. During 2020/21, three 'Task and Finish' groups were convened in respect of the following key issues:

- (1) Stakeholder engagement
- (2) Estates projects
- (3) COVID response and contingency planning

CORPORATION PERFORMANCE

The corporation carried out a self-assessment of its own performance for the year ended 31 July 2021 and graded itself as "Outstanding" on the Ofsted scale. The following evaluation and self-assessment tools are used as part of this process:

- Governance self-assessment report and quality improvement plan
- Review against the AoC Code of Good Governance (clause by clause)
- Individual governor annual self-assessment
- Annual appraisal of the Chair
- Independent external evaluation of the Board (every three years)
- Governance impact statement;
- Ongoing review and feedback via meeting evaluation forms (after all meetings).

Statement of Corporate Governance and Internal Control



INTERNAL CONTROL

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Runshaw College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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



Statement of Corporate Governance and Internal Control

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

Risks faced by the corporation

The Board and Audit Committee have periodically reviewed the Risk Management Plan and the Risk Management Policy and have received regular updates to the Risk Register. The Policy and Plan indicate the College's approach and resources for managing risk. The Risk Register details the significant risks facing the College and how they are managed.

Key risks, and the Colleges' response can be seen in the Strategic Report on pages 17 and 18.

Control weaknesses identified

No significant internal control weaknesses have arisen during the year ended 31 July 2021 and up to the date of signing this report.

Responsibilities under funding agreements

The College has met all contractual responsibilities under its' funding agreements and contracts with the ESFA. Specific actions and responsibilities include:

- Submission of timely ILR reports
- Submission of timely financial returns
- Adherence to funding rules and regulations

STATEMENT FROM THE AUDIT COMMITTEE

The audit committee has advised the board of governors that the corporation does have an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

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

- To monitor and ensure effectiveness and completeness of the Internal Audit programme
- To monitor implementation of all audit recommendations
- To consider all audit reports (including annual financial statements)
- To oversee the risk management process and ensure appropriate levels of mitigation and risk assurance
- To consider all instances of potential fraud, corruption, irregularity and/or whistleblowing.

Statement of Corporate Governance and Internal Control



Review of effectiveness

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

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

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

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

The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2021.

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

Approved by order of the members of the Corporation on 6 December 2021 and signed on its behalf by:

W Middleton

Chair

C Russell

Accounting Officer



Statement of Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding



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

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

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

W Middleton

Chair

6 December 2021

C Russell

Accounting Officer

6 December 2021



Statement of Responsibilities of the Members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- 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 which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and 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, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Approved by order of the members of the Corporation on 6 December 2021 and signed on its behalf by:

W Middleton (Chair)

Independent Auditor's Report to the Corporation of Runshaw College



Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

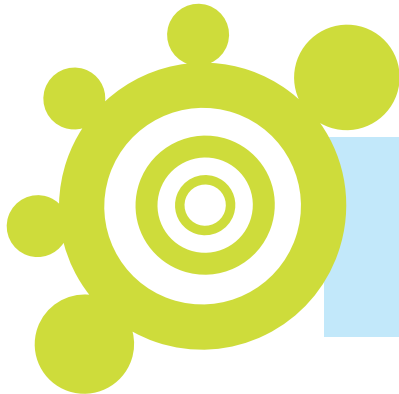
Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Independent Auditor's Report to the Corporation of Runshaw College

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation of Runshaw College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 31, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent Auditor's Report to the Corporation of Runshaw College



In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the college is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 28 October 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP

Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE



Statement of Comprehensive Income for the year ended 31 July 2021

	Notes	2021 £'000	2020 £'000
INCOME			
Funding body grants	2	27,556	24,014
Tuition fees and education contracts	3	828	1,305
Other grants and contracts	4	219	233
Other income	5	451	939
Investment income	6	-	3
Total income		29,054	26,494
EXPENDITURE			
Staff costs	7	19,960	19,266
Fundamental restructuring costs	7	-	-
Other operating expenses	8	8,138	6,432
Depreciation	10	1,601	1,601
Interest and other finance costs	9	586	541
Total expenditure		30,285	27,840
(Deficit) before other gains and losses		(1,231)	(1,346)
Loss on disposal of assets	10	-	(7)
(Deficit) before tax		(1,231)	(1,353)
Taxation		-	-
(Deficit) for the year		(1,231)	(1,353)
Remeasurement of net defined pension liability	22	2,212	(7,096)
Total Comprehensive Income for the year		981	(8,449)

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



Statement of Changes in Reserves for the year ended 31 July 2021

	Income and Expenditure account	Revaluation Reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2019	3,629	4,008	7,637
(Deficit) for the year	(1,353)	-	(1,353)
Other comprehensive income (Note 22)	(7,096)	-	(7,096)
Transfers between revaluation and income and expenditure reserves	185	(185)	-
Total comprehensive income for the year	(8,264)	(185)	(8,449)
Balance at 31st July 2020	(4,635)	3,823	(812)
(Deficit) for the year	(1,231)	-	(1,231)
Prior year adjustment to accruals	(7)	-	(7)
Other comprehensive income (Note 22)	2,212	-	2,212
Transfers between revaluation and income and expenditure reserves	185	(185)	-
Total comprehensive income for the year	1,159	(185)	974
Balance at 31st July 2021	(3,476)	3,638	162

Balance sheet as at 31 July 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	10	27,950	28,608
		27,950	28,608
Current assets			
Stocks		31	49
Trade and other receivables	11	813	681
Investments	12	-	-
Cash at bank and in hand	17	4,249	3,726
		5,093	4,456
Current liabilities			
Creditors – amounts falling due within one year	13	(3,337)	(3,258)
		1,756	1,198
Total assets less current liabilities			
		29,706	29,806
Creditors – amounts falling due after more than one year	14	(9,603)	(10,141)
Provisions for liabilities			
Defined benefit pension schemes	22	(19,821)	(20,386)
Other provisions	16	(120)	(92)
		162	(812)
Unrestricted reserves			
Income and expenditure account		(3,476)	(4,633)
Revaluation reserve		3,638	3,821
		162	(812)

These financial statements were approved and authorised for issue by the Corporation on 6 December 2021 and were signed on its behalf on that date by:



W Middleton (Chair)



C Russell (Accounting Officer)



Statement of Cash Flows for the year ended 31 July 2021

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
(Deficit) for the year		(1,231)	(1,353)
Adjustment for			
Depreciation	10	1,601	1,601
Investment income	6	-	(3)
Interest payable	9	586	541
Loss on disposal of fixed assets	10	-	7
Increase/(Decrease) in provisions	16	28	(19)
Pensions costs less contributions payable	22	1,647	1,406
Operating cashflow before movements in working capital		2,631	2,180
(Increase)/Decrease in stocks		18	(4)
Decrease/(Increase) in debtors	11	(131)	99
(Decrease)/Increase in creditors due within one year	13	178	(668)
(Decrease)/increase in creditors due after one year	14	(234)	(309)
Net cash flow from operating activities		2,462	1,298
Cash flows from investing activities			
Proceeds from sale of fixed assets & investments		-	-
Investment income	6	-	3
Payments made to acquire fixed assets	10	(943)	(307)
		(943)	(304)
Cash flows from financing activities			
Interest paid	9	(586)	(541)
Repayments of amounts borrowed	13+14	(298)	(294)
Repayments of obligations under finance leases	13+14	(112)	(184)
		(996)	(1,017)
Increase/(Decrease) in cash and cash equivalents in the year		523	(24)
Cash and cash equivalents at beginning of the year	17	3,726	3,750
Cash and cash equivalents at end of the year	17	4,249	3,726

Notes to the Accounts

1. Statement of accounting policies and estimation techniques



1. Statement of accounting policies and estimation techniques

GENERAL INFORMATION

Runshaw College is a corporation established under the Further and Higher Education Act 1992 as an English general college of Further Education. The address of the college's principal place of business is given on page 64. The nature of the college's operations is set out in the strategic report.

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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

The financial statements are presented in sterling which is also the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

GOING CONCERN

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

The balance sheet as at 31 July 2021 shows net assets of £0.1m, however, this is due to long term (and estimated) liabilities. The College has a strong net current asset position, at £1.8m.

The College currently has £5.0m of loans outstanding with bankers on terms negotiated in 2008 and 2012. The loans are repayable over the next 20 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.



Notes to the Accounts

1. Statement of accounting policies and estimation techniques

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21 the FE funding bodies provided 94% of the College's total income (2019/20 – 89%). 16-18 funding is lagged and, at the date of signing the financial statements, is therefore relatively certain for 2020-2023. An allocation of £25.3m has been confirmed for the year ended 31 July 2022.

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

RECOGNITION OF INCOME

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

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

Levy-funded and ESFA funding for co-investment model apprenticeship income is measured in line with best estimates of the provision delivered in the year, taking account and as reconciled to cash received.

The recurrent grant from HEFCE 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 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. The deferred income is allocated between creditors due within the year and those due after more than one year.

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.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques



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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Local Government Pension Scheme (LGPS)

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

SHORT TERM EMPLOYMENT BENEFITS

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

NON-CURRENT ASSETS - TANGIBLE FIXED ASSETS

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

Land and buildings

Land and buildings inherited from the Local Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged



Notes to the Accounts

1. Statement of accounting policies and estimation techniques

on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 40 years.

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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.

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 and is depreciated on a straight line basis from the month of inception as follows:

- Motor vehicles and computer equipment - 3 years;
- Furniture, fixtures, fittings and other equipment – between 5 and 10 years.

Impairment of fixed assets

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques



BORROWING COSTS

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

LEASED ASSETS

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

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.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

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.



Notes to the Accounts

1. Statement of accounting policies and estimation techniques

FINANCIAL LIABILITIES AND EQUITY

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

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

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

TAXATION

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element 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 as appropriate where the inputs themselves are tangible fixed assets by nature.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when

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

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

Notes to the Accounts

1. Statement of accounting policies and estimation techniques



AGENCY ARRANGEMENTS

The College acts as an agent in the collection and payment of discretionary support funds, bursaries and consortium funds related to 16-18 year old pupils. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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. 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



Notes to the Accounts

2. Funding body grants

3. Tuition fees and education contracts

2. Funding body grants

	2021	2020
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency – adult	419	339
Education and Skills Funding Agency – 16-18	23,600	21,200
Education and Skills Funding Agency – apprenticeships	853	972
Office for students	6	41
Specific Grants		
Education and Skills Funding Agency	2,369	1,138
Releases of government capital grants	309	324
Total	27,556	24,014

3. Tuition fees and education contracts

	2021	2020
	£'000	£'000
Adult education fees	70	156
Apprenticeship fees and contracts	18	14
Fees for FE loan supported courses	293	221
Fees for HE loan supported courses	273	761
Total tuition fees	654	1,152
Education contracts	174	153
Total	828	1,305

Notes to the Accounts

4. Other grants and contracts

5. Other income



4. Other grants and contracts

	2021 £'000	2020 £'000
Coronavirus Job Retention Scheme	84	126
Other grants and contracts	135	107
Total	219	233

The Corporation furloughed some of the catering staff under the government's Coronavirus Job Retention Scheme. The funding received in respect of 48 staff related to staff costs which are included within the staff costs in note 7.

5. Other income

	2021 £'000	2020 £'000
Catering and residences	375	815
Miscellaneous income	76	124
Total	451	939



Notes to the Accounts

6. Investment income

7. Staff costs

6. Investment incomes

	2021 £'000	2020 £'000
Other interest receivable	-	3

7. Staff costs

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

	2021 No.	2020 No.
Teaching staff	357	379
Non-teaching staff	260	311
	617	690

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	14,342	14,083
Social security costs	1,261	1,232
Other pension costs	4,113	3,833
Payroll sub total	19,716	19,149
Contracted out staffing services	244	117
	19,960	19,266
Fundamental restructuring costs - contractual	-	-
Total	19,960	19,266

Notes to the Accounts

7. Staff costs



KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal (who also holds the positions of Accounting Officer and Chief Executive) and two Deputy Principals.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	3	3

The number of senior post-holders and other staff who received emoluments, excluding pension contributions and employer's national insurance but including benefits:

Year ended 31 July	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,001 to £65,000	-	-	2	1
£65,001 to £70,000	-	-	1	2
£70,001 to £75,000	-	-	1	1
£75,001 to £80,000	2	-	-	-
£85,001 to £90,000	-	1	-	-
£125,001 to £130,000	1	-	-	-
£155,001 to £160,000	-	1	-	-
	3	2	4	4

Other staff numbers exclude one part time member of staff whose full time equivalent emoluments would fall within the £60,001 to £65,000 banding (in 2020 and 2021) and one staff member who retired during the year whose full time equivalent emoluments would all within the £65,001 to £70,000 for 2021.

Notes to the Accounts

7. Staff costs

Key management personnel emoluments are made up as follows:

	2021	2020
	£'000	£'000
Salaries	288	297
Employers National Insurance	36	38
Benefits in kind	-	-
	324	335
Pension contributions	49	63
Total emoluments	373	398

There were no salary sacrifice arrangements in place for key management personnel in the year.

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

	2021	2020
	£'000	£'000
Salaries	129	157
Benefits in kind	-	-
Employers National Insurance	17	20
	146	177
Pension contributions	31	32

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

The governing body has adopted AoC's Senior Staff Remuneration Code and will assess pay in line with its principles. The remuneration package of the Accounting Officer is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

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

Notes to the Accounts

7. Staff costs

8. Other operating expenses

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

Relationship of the Accounting Officer pay and remuneration expressed as a multiple:

	2021 £'000	2020 £'000
Accounting Officer's basic salary as a multiple of the median of all staff	5.09	6.42
Accounting Officer's total remuneration as a multiple of the median of all staff	5.59	7.23

8. Other operating expenses

	2021 £'000	2020 £'000
Teaching costs	606	657
Non-teaching costs	4,065	4,417
Premises costs	3,467	1,358
Total	8,138	6,432

	2021 £'000	2020 £'000
Other operating costs include:		
Auditors' remuneration:	26	19
Financial statements audit	24	24
Internal audit	1	1
Other services provided by the financial statements' auditors	-	-
Other services provided by the internal auditors	-	7
Losses on disposal of tangible fixed assets (where not material)	-	-
Operating lease rentals	-	-

Notes to the Accounts

9. Interest payable

10. Tangible fixed assets

9. Interest payable

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans	267	287
On finance leases	-	-
Net interest on defined pension liability (note 22)	319	254
Total	586	541

10. Tangible fixed assets

	Freehold Land and Buildings	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2020	42,841	5,716	48,557
Additions	-	943	943
Disposals	-	(587)	(587)
At 31 July 2021	42,841	6,072	48,913
Depreciation			
At 1 August 2020	15,937	4,012	19,949
Charge for the year	1,018	583	1,601
Elimination in respect of disposals	-	(587)	(587)
At 31 July 2021	16,955	4,008	20,963
Net book value at 31 July 2021	25,886	2,064	27,950
Net book value at 31 July 2020	26,904	1,704	28,608

Land and buildings were valued in 1994 at depreciated replacement cost by the Department of Property Services, Lancashire County Council. If inherited land and buildings had not been valued they would have been included in the financial statements at nil net book value based on cost. Land and buildings with a net book value of £3,636,000 (2020: £3,821,000) have been funded from Local Authority sources. Should these assets be sold, the College may be liable under the terms of the Financial Memorandum with the Education & Skills Funding Agency, to surrender the proceeds.

The net book value of equipment includes an amount of NIL (2020: £112,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £112,000 (2020: £193,000).

Notes to the Accounts

11. Trade and other receivables

13. Creditors

12. Current investments



11. Trade and other receivables

Amounts falling due within one year:

	2021	2020
	£'000	£'000
Trade receivables	180	68
Prepayments and accrued income	633	613
Total	813	681

12. Current investments

	2021	2020
	£'000	£'000
Short term deposits	-	-

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

13. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Bank loans and overdrafts	304	298
Obligations under finance leases	-	112
Trade payables	158	619
Other taxation and social security	313	318
Pension contributions	329	316
Accruals and deferred income	941	438
Deferred income - government capital grants	234	309
Deferred income - government revenue grants	800	763
Amounts owed (from)/to the ESFA	145	(5)
Other creditors	113	90
Total	3,337	3,258

Notes to the Accounts

14. Creditors

15. Maturity of debt

14. Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Bank loans	4,679	4,982
Obligations under finance leases	-	-
Deferred income - government capital grants	4,924	5,159
Total	9,603	10,141

15. Maturity of debt

Bank loans are repayable as follows:

	2021	2020
	£'000	£'000
In one year or less	304	298
Between one and two years	309	213
Between two and five years	969	948
In five years or more	3,401	3,821
Total	4,983	5,280

Bank loans of £2.4 million to finance new buildings at the Langdale Road campus were rescheduled in 2008. They are repayable by 2033 in quarterly instalments from October 2011, secured against the College's freehold land and buildings. The interest rate is fixed at 5.91% per annum.

A new loan of £5.1 million was drawn down in March 2012, of which £4.2 million is at an effective fixed interest rate of 5.5% for the first 12.5 years and then 5.7% for the following 9.5 years. The balance of the loan is at floating rate. Capital repayments started in October 2012.

The net finance lease obligations to which the institution is committed are:

	2021	2020
	£'000	£'000
In one year or less	-	112
Between one and two years	-	-
Between two and five years	-	-
In five years or more	-	-
Total	-	112

Notes to the Accounts

16. Provisions

17. Cash and cash equivalents



16. Provisions

	Lease obligations £'000	Pensions £'000	MIS systems £'000	Other £'000	Total £'000
At 1 August 2020	11	36	-	45	92
Utilised in the year	-	-	-	(2)	(2)
Additional provision in the year	-	-	-	30	30
At 31 July 2021	11	36	-	73	120

17. Cash and cash equivalents

	Notes	At 1 August 2020 £'000	Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Cash and cash equivalents		3,726	523	-	4,249
Short term deposits	12	-	-	-	-
Total		3,726	523	-	4,249

18. Capital commitments

Commitments contracted for at 31 July

2021 £'000	2020 £'000
-	-

No capital commitments at the year end.

19. Lease Obligations

The College has no non-cancellable operating leases at the date of signing this report.

20. Contingencies

The College has no contingent liabilities as at the date of signing this report.

21. Events after the reporting period

There are no events after the reporting period.

Notes to the Accounts

22. Defined benefit obligations

22. 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 Lancashire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2021	2020
	£'000	£'000
Teachers' Pension Scheme: contributions paid	1,833	1,761
Local Government Pension Scheme: Contributions paid	952	921
FRS 102 (28) charge	1,328	1,151
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	2,280	2,072
Enhanced pension charge to Statement of Comprehensive Income	-	-
	<hr/>	<hr/>
Total Pension Cost for Year	4,113	3,833

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

Contributions amounting to £324,000 (2020: £312,000) were payable to the schemes and are included in creditors.

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, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

Notes to the Accounts

22. Defined benefit obligations



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 as at 31 March 2019. 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 £196 billion giving a notional past service deficit of £22 billion. Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2020 onwards (compared to 16.48% during 2019/20). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year and currently through to March 2022. The next calculation result is due to be implemented from 1 April 2023.

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 £1,826,000 (2020: £1,760,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Council. The total contribution made for the year ended 31 July 2021 was £1,278,000, of which employer's contributions totalled £952,000 and employees' contributions totalled £326,000. The agreed contribution rates for future years are 17.6% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Principal Actuarial Assumptions

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

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	4.1%	3.8%
Future pensions' increases	2.7%	2.4%
Discount rate for scheme liabilities	1.6%	1.6%
Inflation assumption (CPI)	2.6%	2.3%
Commutation of pensions to lump sums	50%	50%

Notes to the Accounts

22. Defined benefit obligations

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

	At 31 July 2021	At 31 July 2020
	Years	Years
<i>Retiring today</i>		
Males	22.4	22.3
Females	25.1	25.0
<i>Retiring in 20 years</i>		
Males	23.9	23.8
Females	26.9	26.8

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

	Fair Value at 31 July 2021	Fair Value at 31 July 2020
	£'000	£'000
Equities	22,434	17,624
Treasury Bonds	-	-
Bonds	2,354	2,667
Property	4,442	5,256
Cash	933	696
Other	14,259	12,406
Total market value of assets	44,422	38,649
Actual return on plan assets	5,423	(867)

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

	2021	2020
	£'000	£'000
Fair value of plan assets	44,422	38,649
Present value of plan liabilities	(64,243)	(59,035)
Net pensions (liability)	(19,821)	(20,386)

Notes to the Accounts

22. Defined benefit obligations

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Current service cost	2,248	1,907
Administration expenses	32	31
Effect of curtailments	-	7
Past service cost	-	127
Total	2,280	2,072

	2021	2020
	£'000	£'000
Amounts included in investment income		
Net interest cost	319	254
	319	254

Amounts recognised in Other Comprehensive Income		
Changes in assumptions underlying the present value of plan liabilities	(2,212)	7,096
Amount recognised in Other Comprehensive Income	(2,212)	7,096

	2021	2020
	£'000	£'000
Movement in net defined benefit (liability) during the year		
Deficit in scheme at 1 August	(20,386)	(11,885)
Movement in year:		
Current service cost	(2,248)	(1,907)
Employer contributions	952	921
Past service cost	-	(127)
Net interest on the defined (liability)/asset	(319)	(254)
Administration expenses	(32)	(38)
Actuarial gain or loss	2,212	(7,096)
Net defined benefit (liability) at 31 July	(19,821)	(20,386)

Notes to the Accounts

22. Defined benefit obligations

Asset and Liability Reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	59,035	50,751
Current Service cost	2,248	1,907
Interest cost	940	1,115
Contributions by Scheme participants	326	317
Experience loss on defined benefit obligations	2,590	5,473
Estimated benefits paid	(896)	(662)
Past Service cost	-	127
Curtailments and settlements	-	7
	64,243	59,035

Reconciliation of Assets

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	38,649	38,866
Interest on plan assets	621	861
Changes in financial assumptions	4,802	(1,623)
Administration expenses	(32)	(31)
Employer contributions	952	921
Contributions by Scheme participants	326	317
Estimated benefits paid	(896)	(662)
	44,422	38,649

These accounts show a £NIL past service cost in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination.

Notes to the Accounts

23. Related party transactions

24. Amounts disbursed as agent



23. Related party transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was NIL. No Governor has received any remuneration or waived payments from the College during the year (2020: None).

24. Amounts disbursed as agent

Learner support funds

	2021	2020
	£'000	£'000
Funding body grants – bursary support	553	489
Funding body grants – discretionary learner support	10	24
	<hr/> 563	<hr/> 513
Disbursed to students	(453)	(489)
Administration costs	(23)	(24)
Balance / Underspend as at 31 July, included in creditors	<hr/> <hr/> 87	<hr/> <hr/> 0

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.



Independent Reporting Accountant's Report on Regularity to the Corporation of Runshaw College and the Secretary for Education acting through Education and Skills Funding Agency

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 28 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Runshaw College during the period 1 August 2020 to 31 July 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

We are independent of the Runshaw College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of Runshaw College for regularity

The Corporation of Runshaw College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The corporation of Runshaw College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and

explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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

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