



# **Report and Financial Statements**

*for the year ended 31 July 2020*

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## Reference and Administrative Details

### Board of Governors

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

Lesley Venables acted as Clerk to the Corporation throughout the period.

### Key Management Personnel

Key Management Personnel are defined as members of the Senior Management Team and were represented by the following in 2019/20:

Mary Murphy	Principal; Accounting Officer
Thalia Bell	Deputy Principal Curriculum
Julie Holland	Deputy Principal Finance and Resources
Leeann Bellfield	Assistant Principal
Alan Brown	Assistant Principal Quality

### Financial statement and regularity auditors:

KPMG LLP  
1 Peter's Square  
Manchester  
M2 3AE

### Principal/Accounting Officer registered office:

Riverside College Halton  
Kingsway Campus  
Kingsway  
Widnes  
Cheshire  
WA8 7QQ

### Bankers:

Barclays  
Corporate Banking Centre  
7<sup>th</sup> Floor, 1 Marsden Street  
Manchester  
M2 1HW

### Solicitors:

Burnetts  
Victoria House  
Wavell Drive  
Rosehill  
Carlisle  
Cumbria  
CA1 2ST

## Members' Report

### Nature, Objectives and Strategies:

The members present their report and the audited financial statements for the year ended 31 July 2020.

### Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Riverside College Halton (hereafter referred to as the College). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### Vision and Values

Governors reviewed the College's vision and values during 2019/20 which are currently as follows:

#### Our Vision

Through the excellence of the education we provide, we will enhance and transform lives.

We strive to be sector-leading in everything we do.

#### Our Values

1. Teaching and learning is our priority and the needs and safety of our students always come first.
2. As members of the College we are partners in the success of the organisation and we are all accountable for our outcomes.
3. High standards are at the heart of all that we do. In our pursuit of excellence we recognise that individually and collectively we can always improve.
4. Within our college community we all treat each other with respect, trust, openness, care and consideration. We celebrate student and staff success.
5. We are an inclusive college where we promote and protect equality and diversity.
6. We work in partnership with employers and other stakeholders so that we can make a positive contribution to local, regional and national economic development.

In March 2020 the College locked down, along with the rest of the country, in order to mitigate the spread of a coronavirus (Covid-19). An over-arching Covid-19 risk assessment was undertaken which covered every area of the College and ensured that virus control measures were put in place that followed all the relevant government guidance. The College has made enquiries to ensure that all stakeholders are working within these guidelines in their interactions with the College.

The College moved swiftly to on-line learning and much resource was put into calculating Centre Assessed Grades as exams and assessments for all types of provision were either cancelled or delayed.

In the weeks prior to lockdown, the College received an **OUTSTANDING** Ofsted report which was released in June 2020.

### Public Benefit

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

## Members' Report *(continued)*

### *Public Benefit (continued)*

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 vision, 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
- Active participation in community projects
- Links with Local Enterprise Partnerships (LEPs)

### Implementation of Strategic Plan

In 2019/20, the College prepared a strategic plan for the period 2020/21 to 2020/23. The Plan consists of four chapters covering all areas of College delivery, including property and finance. The chapters are:

- Chapter One: Vision, Values and Strategic Aims
- Chapter Two: The Environment
- Chapter Three: Targets
- Chapter Four: Monitoring Performance

The governing body monitors the performance of the College against this plan using a series of key performance indicators for each chapter displayed in a dashboard. The plans are reviewed and updated each year. The College's continuing strategic aims are:

1. To achieve high **quality** outcomes for our students by prioritising teaching learning and progression.
2. To continue to improve levels of **efficiency** and remain in outstanding financial health.
3. To maximise opportunities for **growth**.

The College is on target for achieving these aims.

### Financial Objectives

The College's financial strategic goals are:

- To remain financially stable in this period of uncertainty, whilst implementing a staged approach to property developments
- To ensure the efficient and effective deployment of College finances.
- To improve accommodation, learning environments and equipment across the College.
- To ensure there is adequate budgetary provision to recognise and reward both staff and students and celebrate success.
- To support investment in areas of growth by ensuring that all business plans deliver a satisfactory return and that delivery in these areas is reported appropriately, monitored tightly and controlled

A series of performance indicators have been agreed to monitor the successful implementation of the goals. Detailed monitoring is undertaken by the Finance and Resources Committee, with regular reports to the full governing body.

## Members' Report *(continued)*

### Performance Indicators

The key performance indicators used by the College are:

- Achievement rates – compared against national averages
- Value Added – compared against national averages
- Delivery of funding targets – compared with contract
- Financial Health – as calculated by the Education and Skills Funding Agency (ESFA) planning tool

Key Performance Indicator	Target	Actual 2019/20	National Average
Achievement rates (per SAR):			
16-18	87.6%	88.7%	82.6%
19+	93.2%	90.6%	89.1%
Overall	89.7%	89.4%	86.7%
Financial indicators:			
Cash days in hand	136	254	63
EBITDA as % income	10.71%	13.3%	7.3%
Borrowing as % income	7.56%	7.63%	21.4%
Current Ratio	1.97	2.52	1.2
Non – Funding Agency income	16.1%	13.6%	22%
Staff Costs (excl pension charges)/income	61.0%	60.4%	62.1%
ESFA Annual Health Group	Outstanding	Outstanding	

The College is committed to observing the importance of sector measures and indicators and to using the FE choices website, which looks at measures such as achievement rates.

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The College is assessed by the ESFA as having an 'Outstanding' financial health grading. The current rating of 'Outstanding' is considered an acceptable outcome.

### Financial Position

#### Financial Results

The College's underlying operating surplus, in the year prior to defined benefit charges, is £3,110,688 (2018/19: £1,976,535), after accounting for these adjustments, including an actuarial pension loss of £54,000, the College generated a total comprehensive surplus for the year of £2,031,688 (2018/19: loss £2,598,465).

The College has total reserves of £9,375,515 and cash balances of £14,174,970. The College wishes to continue to accumulate reserves and cash balances to create working capital to adequately maintain the estate and allow for some investment in the development of priority areas.

Tangible fixed asset additions during the year amounted to £1,025,202. This was made up of equipment purchases of £428,223 to enhance curriculum and ILT delivery and £596,980 to address the refurbishment of the College estate. The College is progressing with a phased and affordable approach to create attractive learning environments which are pivotal to the success of the College. The £6m Health and Wellbeing building project is underway, to be completed by the end of 2022.

The College has significant reliance on the education sector funding bodies for its principal funding sources, largely from recurrent grants. In 2019/20 the funding bodies provided 86% of the College's total income.

## **Members' Report** *(continued)*

### *Financial Results (continued)*

The 2019/20 College budget was updated mid-year to include estimates of the impact of the covid-19 pandemic on College finances. This plan included reductions in apprenticeship, Higher Education and commercial fee income, as these were thought to be the most at risk, given that grant funders had given assurances that their grants would be paid in full. The plan also included additional costs for virus control measures to be put in place. However, the reductions in income did not materialise, and this had a bearing on the reported operating surplus.

### **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 no plans to increase borrowings.

The College has a separate treasury management policy in place, which is appended to the Financial Regulations. All borrowing requires the authorisation of the Board and must comply with the requirements of the funding agreement.

### **Cash Flows**

The College had an operating cash inflow of £3,526,183 (2018/19 – cash inflow £2,139,622). The net cash inflow includes the receipt of grant income (£1.5m) from the Liverpool City Region for four capital projects to improve the College estate and capital investment of £1.0m.

### **Liquidity**

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

### **Reserves**

The College recognises the importance of generating reserves in maintaining financial stability, whilst ensuring that adequate resources are provided to meet the College's core business aims and mitigate the future financial impacts of the pandemic. The College currently holds no restricted reserves. As at the balance sheet date, after accounting for a pension actuarial loss of £54,000 the College held reserves of £9,375,515 (2018/19: £7,280,863).

It is the College's intention to increase reserves over the life of the Strategic Plan, by generating annual operating surpluses.

### **Going concern**

The College currently has £1.8m of loans outstanding with bankers on various terms negotiated as stated in Note 14. The terms of the existing agreements are for up to another 10 years. The College's forecast and financial projections/cash-flows, including estimates of the impacts of Covid-19 on income and expenditure indicate that it will be able to operate within this existing facility and covenants for the foreseeable future and for at least 12 months from the date of signature of these Financial Statements.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date of signature of these Financial Statements; for this reason will continue to adopt the going concern basis in preparation of its Financial Statements.

Details of the Basis of Preparation can be found in Note 1 on page 34.

## **Members' Report** *(continued)*

### **Current and Future Development and Performance**

#### **Student Numbers**

In 2019/20 the College has overachieved its funding target of £19,732,000 in funding body main allocation funding (2018/19: £19,318,000). The College had approximately 5,200 mainstream-funded and 1,000 non-mainstream-funded learners.

#### **Student Achievements**

Students continue to prosper at the College. Achievement rates rose again in 2019/20, 89.4%, are improved on the achievement rates for 2018/19, 89%. Whilst it is too early to make predictions about the achievement rates for 2020/21, there is no reason not to expect the upward trends of the last few years to continue.

#### **Curriculum Developments**

In 2019/20 the main curriculum and College achievements were:

- Outstanding outcomes from the Ofsted inspection (spring term 2020)
- Outstanding grades for education for young people, adult learners and apprenticeships
- Outstanding Higher Education provision evidenced by being awarded the Teaching Excellence Framework Gold (TEF Gold)
- Education and training achievement rates are significantly above national averages and show year-on-year improvement. Level 3 value added is excellent
- Successful launch of new VESPA process and system.

The College continues to develop its curriculum and offers courses in all fifteen subject sector areas. The most significant areas of the College's work are A Levels, Preparation for Life and Work, Visual & Performing Arts, Hairdressing & Beauty Therapy, Health & Social Care and Business. A particular strength is in making students ready for the next stage in their lives, whether this is employment or higher education.

In 2019/20 provision has been offered at the Kingsway site, the Cronton site and CRmz, a specialist learning environment. In March 2020 the College moved successfully to on-line delivery as the College went into national lockdown. Remote learning and improvements to the IT infrastructure ensured that learners could continue with their studies.

The College is currently implementing a phased approach to property development following an in-depth appraisal of accommodation on all existing sites. This has resulted in improved accommodation and facilities on the Cronton and Kingsway sites. The Health and Wellbeing building project is underway and is due to be complete at the end of 2022.

The IDEA (Innovation, Digital, Engineering and Applications) Centre at Cronton, which supports a range of sectors including Advanced Manufacturing, Digital, Health and Life Sciences and Cronton Playhouse, a 300 seat theatre that supports all aspects of performing arts opened recently to great acclaim from local employers.

Apprenticeships are offered in over 26 frameworks. There are over 700 learners accessing apprenticeships, working with over 500 employers, most recently Alstom, Heroux Devtec and Howdens.

The College continues to work closely with local universities to develop and deliver a range of foundation degrees and higher education provision delivered on employers' premises.

The College continues to expand its HE offer and has introduced Engineering, IT, Education and Health and Social Care at levels 4, 5 and 6.



## **Members' Report** *(continued)*

### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2019 to 31 July 2020, the College paid 88 per cent of its invoices (>5,500) 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 were no post-balance sheet events which affect the basis of the calculation of the financial statements.

### **Future Developments**

The College governors approved a financial plan and cash-flow in July 2020 which sets out objectives for the period to July 2023. The College aims to maintain its health rating of outstanding and achieve surpluses in each year. The plan includes estimates of the impact of Covid-19 on College finances with reductions in 'at risk' income and increases in costs to ensure the estate remains Covid-secure. All agreed capital expenditure remains in the plan and cash-flow, including the four capital projects for which LCR grant funding will be received. Flexibility has been built into the plan so that the College is able to respond to rapid and demanding changes as the country recovers.

The College has planned income of £22,256,000 for 2020/21 from mainstream activity. This represents a growth in student numbers over 2019/20 and with improved capacity and facilities on the two main sites the College is aiming to make further increases over the next three years.

The College's aim is to increase its contribution by introducing a number of efficiency measures across the College sites, including improved timetabling, class sizes, staff utilisation and procurement measures. The College would like to reduce dependency on mainstream activity and is seeking opportunities, particularly in the areas where the College currently performs well, such as Higher Education and full cost work.

## **Resources**

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

Tangible resources include the College sites at Kingsway and Cronton.

### *Financial*

The College has £9.4m of net assets (including £9.6m defined benefit pension liability) and long-term debt of £1.8m.

### *People*

The College employs 377 people (expressed as full-time equivalents), of whom 258 are teaching staff.

### *Reputation*

The College has a good reputation locally and nationally. The College was graded outstanding by Ofsted following their visit in March 2020 and recently achieved the TEF Gold award for its HE delivery. Maintaining a quality brand is essential for the College's success in attracting students and improving external relationships.

## Members' Report *(continued)*

### 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.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigating actions. In addition to the annual review, at each meeting, the Risk Management Group also considers any risks which may arise as a result of the College undertaking work in a new area or from changes to the external environment.

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

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

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College. Clearly over-arching these risks is the additional effect Covid-19 will have on the operations of the College. There are concerns about the volatility of recruitment, catch up learning, fee income and extra costs. Contingencies have been built into planning processes to ensure the College has the flexibility to respond to rapid and demanding changes as the country recovers. Colleges are vital to this recovery.

#### 1. Government funding

The College has considerable reliance on continued Government funding. In 2019/20 86% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue in 2020/21. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The College is aware of several issues which may impact on College structure and future funding, including apprenticeship reforms and the introduction of T levels.

These risks are mitigated in a number of ways:

- Preparing prudent financial plans for future years which include current best estimates of the reductions in funding.
- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
- Actively seeking to diversify the College's income streams to reduce the dependence on core funding.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

#### 2. Failure to achieve planned retention, pass and achievement rates.

The College has demonstrated improvements in learner's performance in recent years and has set challenging targets for increasing achievement rates over the next three years. Its ability to achieve these targets will be directly affected by the quality of teaching and learning and the availability of adequate resources.

## Members' Report *(continued)*

### *Principal Risks and Uncertainties (continued)*

This risk is mitigated in a number of ways:

- By ensuring that key performance indicators are rigorously set and monitored.
- Ensuring that action plans are addressed both efficiently and effectively.
- By ensuring that there are adequate resources within the College to effect changes to accommodation and equipment in line with curriculum need.

#### 3. Maintain adequate funding of pension liabilities

The value of assets in the scheme may be significantly affected by the impact of Covid-19 on investment values and will be closely monitored throughout the coming year.

These risks are mitigated in a number of ways:

- The financial statements report the share of the Local Government Pension scheme deficit on the College's balance sheet in line with the requirements of FRS102. This risk is mitigated by an agreed plan for the recovery of the deficit with the Cheshire Pension Fund.
- The College continues to monitor the Brexit situation which could bring both challenges and opportunities for the College.

## Stakeholder Relationships

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

- Students (past, current and future)
- Education sector funding bodies: Education and Skills Funding Agency (ESFA) and Office for Students (OfS)
- Ofsted
- Local Authority: Halton Borough Council
- Local Enterprise Partnership (LEP)
- Liverpool City Region Combined Authority (LCRCA)
- Staff and their trade unions: National Education Union (NEU), University and College Union (UCU) and Unison
- Partner schools: Halton - Wade Deacon High School, Sts Peter and Paul Catholic High School, Ormiston Chadwick Academy, Ormiston Bolingbroke Academy, Sandymoor Ormiston Academy, The Heath School, The Grange Academy, St Chad's Catholic and Church of England High School, The Bridge School, Chesnut Lodge School, The Cavendish High Academy, Ashley High School. Out of borough – Halewood Academy (Wade Deacon Trust)
- Partner universities: Staffordshire University, Liverpool University and Liverpool John Moore's University
- Local employers: Scottish Power, Merseyside Police, Howdens, Plus Dane, National Health Service, Bell Group and Bloor Homes
- The wider College community
- Merseyside Colleges Association (MCA): Wirral Metropolitan College, Southport College, City of Liverpool College, Hugh Baird College, SK College Group and Carmel College

The College recognises the importance of these relationships and engages in regular communication with them through the College internet and intranet sites and by meetings.

## Equality & Diversity

The College is committed to ensuring equality of opportunity for all learners and staff. The College respects and values positively differences between individuals. The College's Equality & Diversity Policy

## Members' Report *(continued)*

### *Equality & Diversity (continued)*

(and accompanying Codes of Practice) sets out how it will work to eliminate unlawful discrimination, harassment or victimisation, promote equality of opportunity for all and foster good relations between those people who have a protected characteristic and those who have not. The implementation of this Policy is sufficiently resourced and is monitored on a regular basis by management and governors.

### **Disability Statement**

The College seeks to achieve the objectives set down in the Equality Act 2010 and the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

- a) As part of its accommodation strategy the College regularly undertakes access audits.
- b) The College has an Additional Learning Support Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available through the Additional Learning Support office.
- d) Outline guidance on admissions is described in the College's Equality and Diversity Policy. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students at induction, together with leaflets on the complaints and disciplinary procedures.

### **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.

Number of employees who were relevant	Full-time equivalent employee number
2	1.6

## Members' Report *(continued)*

### Trade Union Facility Time *(continued)*

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	2
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£3,744
Total pay bill	£14.1m
Provide the percentage of the total pay bill spent on facility time, calculated as: <i>(total cost of facility time ÷ total pay bill) x 100</i>	0.02%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: <i>(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</i>	100%
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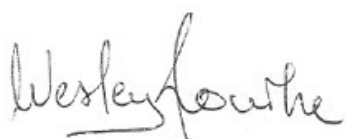
## Events after the reporting period

There were no events after the reporting date.

## Disclosure of information to auditors

The governors 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. Each governor 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 Board of Governors on 14th December 2020 and signed on its behalf by:



**Wesley Rourke**  
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<sup>st</sup> August 2019 to 31<sup>st</sup> July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

In the opinion of the governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2020. Whilst not having adopted the UK Corporate Governance Code 2018, the Corporation has due regard to its principles and guidance. The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which was formally adopted by the Board on 16 July 2015.

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.

## Statement of Corporate Governance and Internal Control *(continued)*

### The Corporation

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

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance
Valerie Allen	18.07.2011 07.07.2015 07.07.2019	4 years 4 years 4 years		External	Audit (from Dec.2014); Search & Governance (from Sept 2011 – Chair from Sept 2015 to Oct 2018), Remuneration (from Oct 2017), Vice-Chair of Board (from 01.08.2017)	Board 67% Audit 67% Remun 100% Search 100%
Michele Bacon	09.07.2018	4 years		External	Quality & Standards (from Dec 2018 – Chair from Dec 2019)	Board 100% Q&S 100%
Karen Banks	10.07.2017	4 years		External	Audit (from Sept.2017) and Quality & Standards (from Nov 2017)	Board 100% Audit 75% Q&S 67%
Mike Blakeley	14.10.2019	4 years	03.03.2020	External	Finance & Resources (from Oct 2019 to Mar 2020)	Board 67% F&R 100%
Sarah Dunn	14.10.2019	1 year	31.07.2020	Student	Quality & Standards (from Oct 2019 to Jul 2020)	Board 80% Q&S 0%
Jayne Edwards	12.10.2020	4 years	11.10.2024	External	Audit (from Oct 2020) and Quality & Standards (from Oct 2020)	Board 100% Audit N/A Q&S N/A
Isabel Griffiths	01.08.2019	1 year	31.07.2020	Student	Quality & Standards (from Aug 2019 to Jul 2020)	Board 100% Q&S 67%
Andrew MacManus	06.07.2020	4 years	05.07.2024	External	Finance & Resources (from Jul 2020)	Board 100% F&R N/A
Sherroll Martin	01.08.2020	1 year	31.07.2021	Student	Quality & Standards (from Dec 2020)	Board 100% Q&S N/A
Tony McDermott	14.12.2015	4 years	13.12.2019	External	Quality & Standards (from Dec.2015 to Dec 2019); Finance & Resources (from Dec.2015 to Dec 2019 – Chair from Nov 2017 to Dec 2019), Remuneration (from Nov 2017 to Dec 2019 – Chair from Oct 2018 to Oct 2019)	Board 0% F&R 100% Q&S 100% Remun 100%

## Statement of Corporate Governance and Internal Control *(continued)*

*The Corporation (continued)*

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance
Neil McGrath	18.07.2011 07.07.2015 07.07.2019	4 years 4 years 2 years		External	Audit (from Sept 2011 - Chair from Sept 2011 to Sept.2015 and from Sept.2017), Search & Governance (from Oct 2019), Remuneration (from Jul 2020)	Board 100% Audit 100% Remun 100% S&G 100%
Tom McInerney	04.07.2016 06.07.2020	4 years 4 years		External	Audit (from Sept.2016); Quality & Standards (from Nov.2016 – Chair from Dec 2018 to Dec 2019)	Board 80% Audit 75% Q&S 67%
Mary Murphy	01.09.2013	In post		Principal	Finance & Resources (from Sept 2013); Search & Governance (from Sept 2013)	Board 100% F&R 100% S&G 100%
Lynn Pegler	17.10.2016 06.07.2020	4 years 2 years		External	Audit (from Oct.2016 to Jul 2020)	Board 80% Audit 100%
Wesley Rourke	12.07.2010 07.07.2014 09.07.2018	4 years 4 years 4 years		External	Vice-Chair of Board (from Aug.2016 to Jul 2017); Chair of Board (from Aug.2017); Audit from Jul 2010 to Jul 2017 (Chair from Sept.2015 to Jul 2017); Search & Governance (from Nov.2015 – Chair from Oct 2018); Remuneration (from Aug.2016 – Chair from Aug.2017 to Oct 2018); Finance & Resources (from Aug.2017 – Chair from Dec 2019)	Board 100% F&R 75% Remun 100% S&G 100%
Jacqui Scott	15.10.2018	2 years	14.10.2020	Staff	Quality & Standards (from Oct 2018 to Oct 2020)	Board 100% Q&S 100%
Chris Sikorski	18.12.2018	2 years		Staff		Board 100%
Susan Smith	04.07.2016 06.07.2020	4 years 2 years		External	Finance & Resources (from Nov.2016), Remuneration (from Oct 2019 – Chair from Oct 2019)	Board 100% F&R 100%
Jessy Sodimu	01.08.2020	1 year		Student	Quality & Standards (from Dec 2020)	Board 100% Q&S N/A
Bob Towers	09.07.2018 01.08.2019	1 year 1 year	31.07.2020	Co-opted member of F&R	Finance & Resources (from Jul 2018 to Jul 2020)	F&R 100%



## **Statement of Corporate Governance and Internal Control** *(continued)*

### *The Corporation (continued)*

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

The Board is provided with regular and timely data 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 Board meets each term as a minimum. Since the COVID-19 pandemic all meetings have been conducted using a virtual platform, which was already permitted by the Standing Orders prior to March 2020.

The Board conducts its business through a number of committees, with limited delegated authority. Each committee has terms of reference, which have been approved by the Board. These committees are Quality & Standards, Finance & Resources, Remuneration, Search & Governance and Audit. Minutes of all meetings, except those deemed to be confidential by the Board, are available on the College's website [www.riversidecollege.ac.uk](http://www.riversidecollege.ac.uk) or from the Clerk to the Governors at:

Riverside College Halton  
Kingsway  
Widnes  
Cheshire  
WA8 7QQ

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

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

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

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

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

The College's Financial Regulations were amended in April 2020 to enable any tendering activity to be undertaken electronically, against the background of the COVID-19 pandemic. All changes to procedures were approved by the Board on the recommendation of the Finance & Resources Committee.

### **Appointments to the Board**

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Search & Governance Committee, consisting of four governors, which is responsible for the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

## Statement of Corporate Governance and Internal Control *(continued)*

*The Corporation (continued)*

*Appointments to the Board (continued)*

Governors are appointed for a term of office not exceeding four years. Reappointments are only made after consideration by the Search and Governance Committee of issues such as individual attendance and contribution, which then makes a recommendation to the full Board.

There are a small number of individuals who have served in excess of the accepted norm of two 4-year terms of office. The Board is mindful of the need to refresh its membership but also considers the retention of such governors to be beneficial for the experience and corporate knowledge that they possess.

### **Corporation Performance**

The Board is engaged in a continuous review of its own effectiveness. Processes are reviewed at least annually to ensure that they meet best practice and incorporate current initiatives (e.g. the Code).

A detailed process is undertaken each year which assesses performance of individuals, the Board, committees and the Chair against recognised criteria (including the elements of the Code of Good Governance). The outcomes of this exercise form part of the governance and training development plan for the next academic year, progress on which is monitored by the Search & Governance Committee.

The Board carried out a self-assessment of its own performance for the year ended 31<sup>st</sup> July 2020 and graded itself as outstanding.

The College's leadership and management (including governance) was inspected as part of the Ofsted Education Inspection Framework visit in February 2020 and graded as 'Outstanding'.

### **Remuneration Committee**

Throughout the year ending 31 July 2020, the College's Remuneration Committee comprised **three** governors, with an additional external governor appointed in October 2019. In line with the latest guidance, the Chair of the Board is not the Chair of this Committee, although he continues to be a member.

The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal, other senior post-holders and the Clerk to the Governors. The Board has complied with the requirements of the AoC's Senior Staff Remuneration Code for 2019/2020 and a separate report is presented to its December meeting.

Details of the remuneration of the senior post-holders for the year ended 31 July 2020 are set out in note 6 to the financial statements.

### **Audit Committee**

The Audit Committee comprised five governors (excluding the Principal the Chair and the staff and student governors). The Committee operates in accordance with written terms of reference approved by the Board and based on the requirements of the Education Skills Funding Agency's Post-16 Audit Code of Practice.

The Audit Committee meets on a termly basis 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 receives and considers reports from the main FE funding bodies as they affect the College's business.

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

## Statement of Corporate Governance and Internal Control *(continued)*

### *The Corporation (continued)*

#### *Audit Committee (continued)*

Management is responsible for the implementation of agreed audit recommendations and periodic follow-up reviews are undertaken to ensure that any such recommendations have been implemented.

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

### **Internal Control**

#### *Scope of responsibility*

The Board 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 Board 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 Funding Agreement between the College and the funding bodies. These include ensuring regularity and propriety in the use of public funding and carrying out annual reviews. The Principal is also responsible for reporting to the Board 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 at the College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts. This internal control framework, including a suite of policies, is key to the prevention and detection of corruption, fraud, bribery and other irregularities.

The College's system of internal controls and governance structures ensure regularity and propriety in the use of funds, including all public funds, via the following processes:

- a) As detailed in the Statement of Corporate Governance and Internal Control (page 14), the Board is responsible for maintaining a sound system of internal control that safeguards the public and other funds and assets for which it has responsibility.
- b) The College maintains a comprehensive suite of Financial Regulations and Procedures, giving control over the totality of the College's resources and providing an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money, in the context of the achievement of the College's strategic plan. Anyone with a contractual relationship with the College (including all employees and honorary staff) is required to abide by the Financial Regulations and Procedures.
- c) The College is required to adhere to key funder rules, in addition to the requirements of its own Financial Regulations and Procedures and operates various controls to do this.

## Statement of Corporate Governance and Internal Control *(continued)*

### *The Corporation (continued)*

#### *The purpose of the system of internal control (continued)*

- d) The College's Extended Assurance providers provide assurance to management and the Audit Committee. The Extended Assurance provider makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.

#### *Capacity to handle risk*

The Board 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 Board 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 ended 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee and the Board.

#### *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 are reviewed and agreed by the Board;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

The College has not appointed an internal audit service for the year ended 31 July 2020. For that year, College management and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. External consultants were procured to provide reports on this assurance activity which included reviews of key financial controls and sub-contracting provision.

The extended assurance service operated in accordance with the requirements of the Post-16 Audit Code of Practice.

### **Risks Faced by the College**

Through a robust risk management framework, risks are identified and measures to mitigate those risks are implemented by management. The Board monitors the effectiveness of the controls through the work of the Audit Committee which receives a detailed report on risk management at each meeting.

An analysis of the College's financial risks is prepared each year and is considered by the Board alongside the proposed budget.

Reports to governors include details of the respective risks involved and how these could be minimised. Regular updates on performance against each of the College's key objectives is received and monitored by the Board.

## **Statement of Corporate Governance and Internal Control** *(continued)*

*The Corporation (continued)*

*Risks Faced by the College (continued)*

The key risks the Board faces are detailed in the Members' Report, in summary these are to remain financially stable, provide an outstanding curriculum whilst we recover from the economic and operational impact of COVID-19 and ensure the College is in a strong position to be able to respond to opportunities post-pandemic.

### **Control Weaknesses Identified**

No control weaknesses were identified in 2019/2020.

### **Responsibilities under Funding Agreements**

The College receives funding from the following Government agencies – ESFA, Office for Students, Liverpool City Region Combined Authority. All targets associated with these funding sources were either met or exceeded in 2019/2020. No significant areas for improvement were identified as a result of any audits of this provision.

### **Statement from the Audit Committee**

The Audit Committee has advised the Board that the College has an effective framework for governance, internal control and risk management. This can be demonstrated through the areas of work covered by the College's auditors in 2019/2020 and up to the date of the approval of the financial statements, namely: Mental Health and Wellbeing, Work Experience, Sub-Contracting Controls and follow up of previous recommendations.

#### *Review of effectiveness*

As the 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 extended assurance consultants;
- 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, regularity and appointed funding auditors in their management letters and other reports;
- ensuring that the College has secured value for money in its auditing practices, including the work of both internal and external auditors.

The College's External Audit and Extended Assurance providers both make recommendations for improvement in key management and internal control processes. Extended Assurance reviews include periodic reviews of the College's approach to delivering value for money. In addition to the annual assurance report received from the Extended Assurance providers, the Audit Committee and Governors receive benchmarking and sector specific reports from both Extended Assurance providers and External Auditors to assist them in discharging their responsibility to monitor the College's performance in delivering value for money.

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

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 extended assurance audits and other

## Statement of Corporate Governance and Internal Control *(continued)*

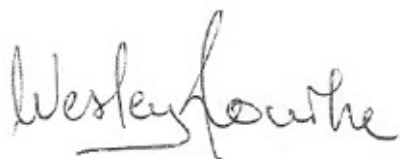
*The Corporation (continued)*

*Review of effectiveness (continued)*

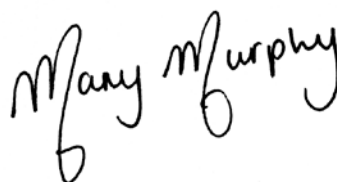
sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board gives a high level of priority to consideration of risk and controls and the Board receives reports thereon 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 October 2020 meeting, the Board considered documentation on the assessment of internal controls from the senior management team and extended assurance audits and took into account events since 31 July 2020.

Based on the advice of the Audit Committee and the Principal, the Board 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 Board of Governors on 14<sup>th</sup> December 2020 and signed on its behalf by:**



**Wesley Rourke**  
Chair



**Mary Murphy**  
Accounting Officer

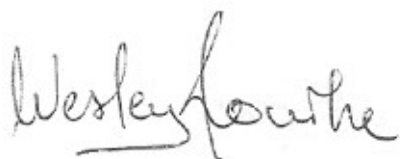
## Statement of Regularity, Propriety and Compliance

The Board has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with the ESFA. As part of its consideration the Board has due regard to the requirements of grant funding agreements and contracts with the ESFA.

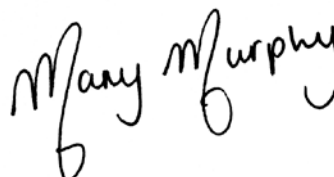
We confirm, on behalf of the Board, that after due enquiry, and to the best of its knowledge, the Board believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding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

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

**Approved by order of the Board of Governors on 14th December 2020 and signed on its behalf by:**



**Wesley Rourke**  
Chair



**Mary Murphy**  
Accounting Officer

## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2019 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2019 to 2020* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the College or to cease operations or have no realistic alternative but to do so.

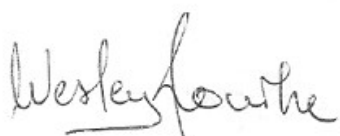
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Corporation is responsible for keeping adequate 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 the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA 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. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

**Approved by order of the members of the Corporation on 14th December 2020 and signed on its behalf by:**



**Wesley Rourke**  
Chair



# Independent Auditor's Report to the Corporation of Riverside College Halton

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Riverside College Halton ("the College") for the year ended 31 July 2020 which comprise the Balance Sheets, Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, and the Statement of Cash Flows, and related notes, including the Statement of accounting policies and estimation techniques in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020, and of the College's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*.
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the OfS Accounts Direction').

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the College in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The Corporation has prepared the financial statements on the going concern basis as it does not intend to liquidate the College or to cease their operations, and as it has concluded that the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Corporation's conclusions, we considered the inherent risks to the College's business model and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the College will continue in operation.

### Other information

The Corporation is responsible for the other information, which comprises the Members' Report and the Corporation's Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### **Matters on which we are required to report by exception**

Under the Post-16 Audit Code of Practice 2019 to 2020 (July 2020) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Corporation's responsibilities**

As explained more fully in their statement set out on page 24, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **Report on other Legal and Regulatory Requirements**

We are required to report on the following matters by the OfS Accounts Direction.

In our opinion, in all material respects:

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

### **Matters on which we are required to report by exception**

We are required by the OfS Accounts Direction to report to you where the College has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the College's expenditure on access and participation activities for the financial year disclosed in Note 7a has been materially misstated.

We are also required by the OfS Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in Note 2 to the financial statements has been materially misstated.

We have nothing to report in these respects.

## **The purpose of our audit work and to whom we owe our responsibilities**

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



Debra Chamberlain  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

Date: 17 December 2020

## **Reporting Accountant's Report on Regularity to the Corporation of Riverside College Halton College and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 15 November 2019 and further to the requirements and conditions of funding in ESFA grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Riverside College Halton during the 01 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice 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 or devolved authority has other assurance arrangements in place.

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

### **Respective responsibilities of Riverside College Halton and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. 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 01 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Post-16 Audit Code of Practice issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Debra Chamberlain  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

Date: 17 December 2020

**Statement of Comprehensive Income and Expenditure**  
for the year ended 31 July 2020

	<i>Note</i>	<b>2020</b> £	<b>2019</b> £
<b>Income</b>			
Funding body grants	2	21,154,260	20,249,996
Tuition fees and education contracts	3	1,952,243	1,769,661
Other income	4	1,262,942	1,302,698
Investment income	5	58,201	63,390
		<hr/>	<hr/>
<b>Total income</b>		<b>24,427,646</b>	<b>23,385,745</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Expenditure</b>			
Staff costs	6	15,416,711	13,981,877
Other operating expenses	7	5,745,073	6,600,458
Depreciation	10	907,696	1,179,004
Interest payable	8	272,478	221,871
		<hr/>	<hr/>
<b>Total expenditure</b>		<b>22,341,958</b>	<b>21,983,210</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Surplus on continuing operations before other gains and losses</b>		<b>2,085,688</b>	<b>1,402,535</b>
		<hr/>	<hr/>
<b>Surplus before tax</b>		<b>2,085,688</b>	<b>1,402,535</b>
		<hr/>	<hr/>
Taxation	9	-	-
		<hr/>	<hr/>
<b>Surplus for the year</b>		<b>2,085,688</b>	<b>1,402,535</b>
		<hr/> <hr/>	<hr/> <hr/>
Actuarial losses in respect of pension scheme	16	(54,000)	(4,001,000)
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>2,031,688</b>	<b>(2,598,465)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Represented by:</b>			
<b>Restricted comprehensive income</b>		-	-
<b>Unrestricted comprehensive income</b>		2,031,688	(2,598,465)
		<hr/>	<hr/>
		<b>2,031,688</b>	<b>(2,598,465)</b>
		<hr/> <hr/>	<hr/> <hr/>

The statement of comprehensive income is in respect of continuing activities

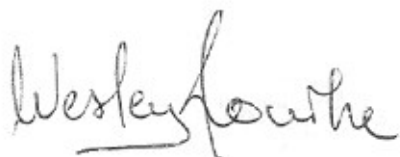
**Statement of Changes in Reserves**  
*for the year ended 31 July 2020*

	<b>Income and expenditure account £</b>
<b>Balance at 31 July 2019</b>	<b>7,280,863</b>
Surplus from the income and expenditure account	2,085,688
Other comprehensive income	(54,000)
<b>Total comprehensive income for the year</b>	<b>2,031,688</b>
Enhanced pension actuarial gain	62,964
<b>Balance at 31 July 2020</b>	<b>9,375,515</b>

**Balance Sheet**  
as at 31 July 2020

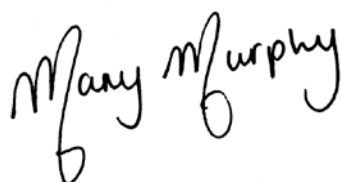
	Note	2020 £	2019 £
<b>Non-current assets</b>			
Fixed assets	10	16,555,423	16,437,917
		-----	-----
		16,555,423	16,437,917
<b>Current assets</b>			
Trade and other receivables	11	727,054	400,740
Cash and cash equivalents	17	14,174,970	10,648,787
		-----	-----
		14,902,024	11,049,527
		-----	-----
<b>Creditors: Amounts falling due within one year</b>	12	(5,921,123)	(5,236,375)
		-----	-----
<b>Net current assets</b>		8,980,901	5,813,152
		-----	-----
<b>Total assets less current liabilities</b>		25,536,324	22,251,069
		-----	-----
<b>Creditors: Amounts falling due after more than one year</b>	13	(5,318,356)	(5,093,100)
		-----	-----
<b>Provisions</b>			
Other provisions	15	(1,220,453)	(1,334,106)
Defined benefit obligations	16	(9,622,000)	(8,543,000)
		-----	-----
<b>Total net assets</b>		9,375,515	7,280,863
		=====	=====
<b>Reserves</b>			
Income and expenditure account		9,375,515	7,280,863
		-----	-----
<b>Total reserves</b>		9,375,515	7,280,863
		=====	=====

The financial statements on pages 30 to 56 were approved by the Board on 14th December 2020 and were signed on its behalf by:



.....

Chair



.....

Accounting Officer



**Statement of Cash Flows**  
for the year ended 31 July 2020

	Note	2020 £	2019 £
<b>Cash inflow from operating activities</b>			
Surplus for the year		2,085,688	1,402,535
<b>Adjustments for non-cash items</b>			
Depreciation	10	907,696	1,179,004
Pension cost less contributions payable		1,025,000	574,000
(Increase)/decrease in debtors		(326,314)	428,486
Increase in creditors due within one year		753,770	295,393
Increase/(decrease) in creditors due after one year		602,593	(359,456)
Decrease in provisions		(50,689)	(56,421)
<b>Adjustment for investing or financing activities</b>			
Interest receivable	5	(58,201)	(63,390)
Interest payable	8	60,232	73,568
<b>Net cash flow from operating activities</b>		4,999,775	3,473,719
<b>Cash flows from investing activities</b>			
Receipts from sale of non-current assets		-	1,646,763
Interest receivable	5	58,201	63,390
Payments to acquire fixed assets	10	(1,025,202)	(2,474,480)
		(967,001)	(764,327)
<b>Cash flow from financing activities</b>			
Interest payable	8	(60,232)	(73,568)
Repayment of amounts borrowed		(446,359)	(496,202)
		(506,591)	(569,770)
<b>Increase in cash and cash equivalents in the year</b>		3,526,183	2,139,622
Cash and cash equivalents at the beginning of the year	17	10,648,787	8,509,165
<b>Cash and cash equivalents at the end of the year</b>	17	14,174,970	10,648,787

## Notes to the Accounts

(forming part of the financial statements)

### 1 Statement of accounting policies and estimation techniques

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

#### **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 2015 FE HE SORP), the *College Accounts Direction for 2017 to 2019* and in accordance with the March 2019 revised edition of Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College may adopt early the further amendments to FRS 102 published in May 2019. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### **Basis of accounting**

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

#### **Basis of consolidation**

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are prepared to 31 July 2020.

#### **Going concern**

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

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 30 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

There has been a full sensitivity analysis undertaken which models three scenarios. In each scenario funding for 16-18-year olds remains as originally planned (without including any new recruitment growth from the 2020/21 recruitment period). This should be the most stable budget forecast to the end of 2021/22, unless the funding methodology changes, which is unlikely at this late stage. In the three scenarios, all other income streams are reduced by a further 25%, 50% and 75% for the remainder of academic year 2020/21 and the full reduction of 25%, 50% and 75% in 2021/22.

The worst-case scenario modelled (75% reduction in each year) assesses the College's financial health as requires improvement in 2021/22 although cash levels at the end of September 2020 remain high at £8m. The College could reduce income by £6.5m by the end of 2021/22 before bank covenants would be breached – this would be approximately 25% of turnover.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **Notes to the Accounts** *(continued)*

### **Statement of accounting policies and estimation techniques** *(continued)*

#### **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 Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

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.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

##### *Fee Income*

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

##### *Investment Income*

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

##### *Agency Arrangements*

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

## **Notes to the Accounts** *(continued)*

### **Statement of accounting policies and estimation techniques** *(continued)*

#### **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*

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.

##### *Cheshire Local Government Pension Scheme (LGPS)*

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

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

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

#### **Short term Employment benefits**

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

#### **Enhanced Pensions**

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

Further details of the pension schemes are given in note 16.

## **Notes to the Accounts** *(continued)*

### **Statement of accounting policies and estimation techniques** *(continued)*

#### **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.

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 assets may not be recoverable.

#### **Land and buildings**

Land and buildings inherited from the Local Education 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. Land and buildings acquired since Incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Improvements to freehold buildings have been depreciated over their expected useful economic life to the College of 20 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a 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.

On adoption of FRS102, the College followed the transitional provisions to retain the book value of land and buildings, which were re-valued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

#### **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

#### **Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period in which it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset's capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

#### **Buildings owned by third parties**

Where land and buildings are used, but the legal rights are held by a third party, they are only capitalised if the College has rights or access to on-going future economic benefit.

These assets are then depreciated over their expected useful economic life.

## **Notes to the Accounts** *(continued)*

### **Statement of accounting policies and estimation techniques** *(continued)*

#### **Equipment**

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

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

Motor vehicles and general equipment	-	20% per year
Computer equipment	-	25% per year
Furniture and fittings	-	25% per year

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

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

#### **Stocks**

Stocks are not valued in the balance sheet unless considered material to the operations of the College.

#### **Borrowing costs**

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

#### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has a ten-year planned maintenance programme which is reviewed on an annual basis.

#### **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 year, with all resulting exchange differences being taken to the income and expenditure account 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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Charitable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

## **Notes to the Accounts** *(continued)*

### **Statement of accounting policies and estimation techniques** *(continued)*

#### **Deferred taxation**

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

#### **Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

Key sources of estimation uncertainty:

##### *Tangible fixed assets*

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

In determining the valuation of the LGPS pension obligation, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the College:

- Discount rate;
- Inflation rate; and
- Life expectancy

Asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

Details of the assumptions used, and associated sensitivities, are included in note 16.

#### **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.

## Notes to the Accounts *(continued)*

### **Statement of accounting policies and estimation techniques *(continued)***

#### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event and 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.

Other provisions are for a European grant.

#### **Cash and cash equivalents**

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

#### **2 Funding body grants**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Education and Skills Funding Agency/Liverpool City Region – adult	2,645,936	2,050,879
Education and Skills Funding Agency – 16-18	15,735,290	15,557,402
Education and Skills Funding Agency – Apprenticeships	1,805,969	1,816,463
Education and Skills Funding Agency non-recurrent grants	442,021	305,081
OfS recurrent grant	208,918	208,398
OfS non-recurrent grant	16,066	18,794
Release of deferred capital grant	300,060	292,979
	<hr/>	<hr/>
	21,154,260	20,249,996
	<hr/> <hr/>	<hr/> <hr/>

The table below records amounts of grant and fee income relating to level 4 courses and above only.

Grant income from the OfS	224,984	227,192
Fee income for taught awards	1,385,666	1,224,963
	<hr/>	<hr/>
	1,610,650	1,452,155
	<hr/> <hr/>	<hr/> <hr/>

'Grant income from the OfS' means grants to the provider by the OfS for both:

- i. the provision of education by the provider and
- ii. the provision of facilities, and the carrying on of other activities, by the provider, which its governing body considers are necessary or desirable to provide or carry on for the purposes of, or in connection with, education.



## Notes to the Accounts *(continued)*

### *Funding body grants (continued)*

This includes recurrent teaching funding (including targeted allocations, high-cost subject funding, National Collaborative Outreach Programme funding and any other recurrent teaching funding) and non-recurrent funding (including grants for capital infrastructure, challenge competitions or any other non-recurrent grant funding) to the provider from the OfS. The amount of grant income must be exclusive of any deductions for expenditure such as that spent on access and participation activities.

'Fee income for taught awards' means fee income for higher education courses for taught awards (from students directly or via the Student Loans Company or other body paying fees on behalf of the student) and includes undergraduate and taught awards.

### **3 Tuition fees and education contracts**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Adult Education Fees	128,680	153,244
Fees for FE Loan supported courses	446,143	416,629
Fees for HE Loan supported course	1,377,420	1,199,788
	<hr/>	<hr/>
Total fees paid by or on behalf of individual learners	1,952,243	1,769,661
	<hr/> <hr/>	<hr/> <hr/>

### **4 Other income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Catering and residences	14,852	15,966
Other income generating activities	1,058,054	962,851
Other grant income	126,732	158,218
Miscellaneous income	63,304	165,663
	<hr/>	<hr/>
	1,262,942	1,302,698
	<hr/> <hr/>	<hr/> <hr/>

### **5 Investment income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other interest receivable	58,201	63,390
	<hr/>	<hr/>
	58,201	63,390
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Accounts *(continued)*

### 6 Staff costs

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

	<b>2020</b> <b>Number</b>	<b>2019</b> <b>Number</b>
Teaching staff	258	248
Non-teaching staff	119	115
	<hr/>	<hr/>
	377	363
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2020</b> <b>Number</b>	<b>2019</b> <b>Number</b>
Teaching staff	304	287
Non-teaching staff	146	146
	<hr/>	<hr/>
	450	433
	<hr/> <hr/>	<hr/> <hr/>

Staff costs for the above persons were as follows:

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Wages and salaries	11,729,568	10,911,136
Social security costs	986,193	925,372
Other pension costs	2,412,281	1,847,986
	<hr/>	<hr/>
Payroll sub total	15,128,042	13,684,494
	<hr/>	<hr/>
Contracted out lecturing services	288,669	297,383
	<hr/>	<hr/>
	15,416,711	13,981,877
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Accounts *(continued)*

### Staff Costs *(continued)*

	2020 £	2019 £
Teaching departments – teaching staff	8,406,294	7,662,984
Contracted out lecturing services	288,669	297,383
Teaching departments – other staff	1,952,970	1,721,959
Teaching support services	901,904	868,164
Other support services	343,701	307,181
Administration and central services	2,039,000	2,069,296
Premises	647,173	598,910
FRS 102 (28) charge	837,000	456,000
	<hr/>	<hr/>
	15,416,711	13,981,877
	<hr/> <hr/>	<hr/> <hr/>

Total staff costs, split by type of contract, were:

	2020 £	2019 £
Employment costs for staff on permanent contracts	14,280,325	12,916,454
Employment costs for staff on short-term and temporary contracts	847,717	768,040
Contracted out lecturing services	288,669	297,383
	<hr/>	<hr/>
	15,416,711	13,981,877
	<hr/> <hr/>	<hr/> <hr/>

### 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 College Senior Management Team which comprises the Principal, Deputy Principals and Assistant Principals.

	2020 Number	2019 Number
The number of key management personnel including the Principal was	5	5
	<hr/> <hr/>	<hr/> <hr/>

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

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

	2020		2019	
	Key management personnel	Other Staff	Key management personnel	Other Staff
£60,001 to £65,000	-	4	-	1
£70,001 to £75,000	2		2	
£85,001 to £90,000	1		2	
£95,001 to £100,000	1		-	
£130,001 to £135,000	1		1	

A consolidated pay award of 1% and a non-consolidated pay award of 1% was made in year.

## Notes to the Accounts *(continued)*

### **Staff Costs** *(continued)*

#### **Emoluments of key management personnel, Accounting Officer and other higher paid staff** *(continued)*

Key management personnel compensation is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Salaries	461,835	442,918
Pension contributions	105,760	77,057
	<hr/>	<hr/>
	567,595	519,975
	<hr/> <hr/>	<hr/> <hr/>

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Basic Salary	130,643	125,326
Pension contributions	30,183	20,654
	<hr/>	<hr/>
	160,826	145,980
	<hr/> <hr/>	<hr/> <hr/>

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2020 and will assess pay in line with its principles in future.

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information such as the AoC's pay survey and the ESFA's financial benchmarking information to provide objective guidance.

The Accounting Officer and Chief Executive reports to the Governing Body, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance such as Ofsted, financial health and sustainability.

Relationship of Accounting Officer/Chief Executive pay and remuneration expressed as a multiple

	<b>2020</b>	<b>2019</b>
Principal's basic salary as a multiple of the median of all staff	4.8	4.8
Principal and CEO's total remuneration as a multiple of the median of all staff	4.8	4.8

The pension contributions in respect of the Principal and key management personnel are in respect of employer's contributions to either the Teachers' Pension Scheme or the Local Government Pension Scheme and are paid at the same rate as for other employees.

The members of the Board other than the Principal and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## Notes to the Accounts *(continued)*

### Staff Costs *(continued)*

#### **Emoluments of key management personnel, Accounting Officer and other higher paid staff** *(continued)*

##### **Overseas activities**

No overseas expenditure was incurred by governors, key management personnel or other higher paid staff.

#### **7 Other operating expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Teaching departments	749,998	711,189
Teaching support services	112,199	85,367
Other support services	27,248	38,929
Administration and central services	1,185,158	1,046,381
General education	1,014,629	905,194
Premises costs – running costs	715,884	743,686
– maintenance	378,023	1,099,903
– rents and leases	263,837	231,986
Planned maintenance	735,707	923,826
Catering and residence operations	26,449	19,878
Sub-contracted provision	514,356	768,520
Other expenses	21,585	25,599
	<hr/>	<hr/>
	5,745,073	6,600,458
	<hr/>	<hr/>
Other operating expenses include:		
Auditors' remuneration (stated as exclusive of VAT):		
Financial statements audit	40,000	24,553
Extended assurance	12,174	10,968
Other services provided by the Financial Statements Auditor		
TPA	1,050	1,000
Sub-contracting Review	5,150	5,000
	<hr/>	<hr/>

#### **7a Access and participation spending**

	<b>2020</b>
	<b>£</b>
Access investment	10,953
Financial support to students	2,400
Disability support	940
Research and evaluation (relating to access and participation)	2,623
	<hr/>
Total access and participation expenditure	16,916
	<hr/>

Included within the above expenditure is £12k of staff costs that are also included in Note 6 'Staff Costs'.

## Notes to the Accounts *(continued)*

### **Access and participation spending *(continued)***

Access and Participation Plans (“APPs”) set out how a higher education provider will improve equality of opportunity in higher education. They must be approved by the OfS if the provider wants to charge higher tuition fees. APP’s have been introduced from 2019/20 and replace the old Access Agreements that were previously approved by the Office for Fair Access. Consequently, 2019/20 is the first reportable year for an APP (no comparative numbers), and under its Accounts Direction for the year ended 31 July 2020 the OfS requires disclosure of the APP spend classified as per the below note. The College APP articulates our ongoing commitment to improving equality of opportunity for underrepresented groups to access, succeed in and progress from, higher education. Our latest Plan incorporates contributions from colleagues across our College community. The College has an approved APP for 2019/20 and for 2020/21 to 2024/25. The APP for the College can be accessed on either the OfS website or Riverside College Halton on: [https://documents.riverside.ac.uk/riversidecollege\\_app\\_2019-2020\\_v1\\_10002863.pdf](https://documents.riverside.ac.uk/riversidecollege_app_2019-2020_v1_10002863.pdf).

### **8 Interest and other finance costs**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts:		
Repayable wholly or partly in more than five years	60,232	73,568
Interest cost of defined pension liability (Note 16)	188,000	118,000
Interest on enhanced pension provision (Note 15)	24,246	30,303
	<u>272,478</u>	<u>221,871</u>

### **9 Taxation**

The governors do not believe the College was liable for any corporation tax arising out of its activities during the year and the previous year.

### **10 Tangible fixed assets**

	<b>Land and Buildings</b>		<b>Equipment</b>	<b>Total</b>
	<b>Freehold</b>	<b>Assets in the course of construction</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>				
At 1 August 2019	22,116,881	-	13,913,643	36,030,524
Additions	236,068	360,911	428,223	1,025,202
Disposals	-	-	-	-
	<u>22,352,949</u>	<u>360,911</u>	<u>14,341,866</u>	<u>37,055,726</u>
<b>Accumulated depreciation</b>				
At 1 August 2019	6,844,494	-	12,748,113	19,592,607
Charge for year	588,564	-	319,132	907,696
Disposal	-	-	-	-
	<u>7,433,058</u>	<u>-</u>	<u>13,067,245</u>	<u>20,500,303</u>

## Notes to the Accounts *(continued)*

### **Tangible fixed assets** *(continued)*

<b>Net book value</b>				
<b>At 31 July 2020</b>	14,919,891	360,911	1,274,621	16,555,423
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
At 31 July 2019	15,272,387	-	1,165,530	16,437,917
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Inherited	4,335,719	-	-	4,335,719
Financed by capital grant	3,217,128	360,911	654,650	4,232,689
Other	7,367,044	-	619,971	7,987,015
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	14,919,891	360,911	1,274,621	16,555,423
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by White Young, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Board on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £4,335,719 (2019: £4,448,359) have been partly financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the funding bodies, to surrender the proceeds.

Fixed assets include land and buildings with a net book value of £4,232,689 (2019: £3,542,974) which have been partially funded by a grant from the funding bodies or the LEP. The Education and Skills Funding Agency does not have the power to guarantee future funding streams to colleges and cannot guarantee that this funding will continue after the current year. Provision has not, therefore, been made for anticipated future receipts.

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

	<b>£'000</b>
Cost	Nil
Aggregate depreciation based on cost	Nil
<b>Net book value based on cost</b>	<u>          </u> <b>Nil</b>

The net book value of tangible fixed assets includes an amount of £nil (2017: £nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £nil (2017: £nil).

## Notes to the Accounts *(continued)*

### 11 Trade and other receivables

	2020 £	2019 £
Amounts falling due within one year:		
Trade receivables	141,279	131,122
Prepayments and accrued income	585,775	269,618
	<hr/>	<hr/>
	727,054	400,740
	<hr/> <hr/>	<hr/> <hr/>

### 12 Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts (note 14)	374,108	443,129
Trade payables	226,756	140,188
Other taxation and social security	523,058	438,865
Accruals and deferred income	4,416,201	3,921,193
Deferred income – government capital grants	381,000	293,000
	<hr/>	<hr/>
	5,921,123	5,236,375
	<hr/> <hr/>	<hr/> <hr/>

### 13 Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans (note 14)	1,466,667	1,844,005
Deferred income – government capital grants	3,851,689	3,249,095
	<hr/>	<hr/>
	5,318,356	5,093,100
	<hr/> <hr/>	<hr/> <hr/>

### 14 Maturity of debt

#### **Bank loans and overdrafts**

	2020 £	2019 £
Bank loans and overdrafts are repayable as follows:		
In one year or less	374,108	443,129
Between one and two years	350,000	377,338
Between two and five years	750,000	950,000
In five years or more	366,667	516,667
	<hr/>	<hr/>
	1,840,775	2,287,134
	<hr/> <hr/>	<hr/> <hr/>

The College currently has five bank loans, the details of which are as follows:



## Notes to the Accounts *(continued)*

### **Maturity of debt** *(continued)*

#### **Bank loans and overdrafts** *(continued)*

##### *New build at Cronton Campus*

A bank loan for £750,000 was drawn down in January 2006 and was also covered by a letter of negative pledge. The interest rate to be applied on the loan is 0.65% over base and will be repaid over a period of 15 years.

##### *Development of Kingsway Campus*

A secured bank loan of £1,500,000 was drawn down in December 2009. This loan is at a fixed rate of interest of 5.25% and will be repaid over ten years. This loan is now repaid.

##### *Development of Kingsway and Cronton Campuses*

Two new secured bank loans of £1,000,000 each were drawn down in November 2013 and February 2014. These loans are at a variable rate and will be repaid over ten years.

##### *Development of Kingsway and Cronton Campuses*

A new secured bank loan of £500,000 was drawn down in July 2015. This loan is at a variable rate and will be repaid over ten years.

##### *Development of Kingsway and Cronton Campuses*

A rolling credit facility was set up in 2016, £1,000,000 of this facility converted to a new secured bank loan in March 2019. This loan is at a variable rate and will be repaid over 10 years.

### **15 Provisions for liabilities and charges**

	<b>Enhanced Pension Provision</b>	<b>Other Provisions</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 August 2019	1,212,281	121,825	1,334,106
Expenditure in the period	24,246	-	24,246
Transferred from income and expenditure account	(137,899)	-	(137,899)
	<hr/>	<hr/>	<hr/>
<b>At 31 July 2020</b>	<b>1,098,628</b>	<b>121,825</b>	<b>1,220,453</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		<b>£</b>	
Other provisions are for a European grant		121,825	
		<hr/> <hr/>	

The enhanced pension provision related to the costs of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:

	<b>2020</b>	<b>2019</b>
Price inflation	2.2%	2.2%
Interest rate	2.0%	1.3%

### **16 Defined benefit obligations**

The College's employees belong to two principal pension schemes: 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 Cheshire West & Chester Council. Both are multi-employer defined benefit schemes.

## Notes to the Accounts *(continued)*

### **Defined benefit obligations** *(continued)*

<b>Total pension cost for the year</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Teachers' Pension Scheme: contributions paid		1,487,238		977,536
Local Government Pension Scheme:				
Contributions paid	922,737		867,906	
FRS 102 (28) charge	837,000		456,000	
Charge to the Statement of Comprehensive Income		<u>1,759,737</u>		<u>1,323,906</u>
Enhanced pension charge to Statement of Comprehensive Income		<u>-</u>		<u>-</u>
<b>Total pension cost for year within staff costs</b>		<b><u>3,246,975</u></b>		<b><u>2,301,442</u></b>

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

#### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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.

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

## Notes to the Accounts *(continued)*

### **Defined benefit obligations** *(continued)*

#### **Teachers' Pension Scheme** *(continued)*

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,487,238 (2019: £977,536).

#### **Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Cheshire West and Chester Council. The total contribution made for the year ended 31 July 2020 was £1,145,757, of which employer's contributions totalled £922,737 and employees' contributions totalled £223,020. The agreed contribution rates for future years are 24.5% for employers and 2.75% to 10.5% for employees, dependant on salary according to a national scale.

The following information is based upon a full actuarial valuation of the funds as at 31 March 2019 updated to 31 July 2020 by Hymans Robertson.

<b>Principal Actuarial Assumptions</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
Rate of increase in salaries	2.9%	2.7%
Future pension increases	2.2%	2.4%
Discount rate for liabilities	1.4%	2.1%
Inflation assumption (CPI)	2.1%	2.4%
Commutation of pensions to lump sums	25.0%	25.0%

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

	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
<i>Retiring today</i>		
Males	21.2	22.3
Females	23.6	24.5
<i>Retiring in 20 years</i>		
Males	21.9	23.9
Females	25.0	26.5

<b>Sensitivity analysis</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
0.5% decrease in real discount rate	11%	11%
0.5% increase in the salary increase rate	1%	1%
0.5% increase in the pension increase rate (CPI)	10%	10%
1-Year increase in life expectancy	3-5%	3-5%

## Notes to the Accounts *(continued)*

### Defined benefit obligations *(continued)*

#### Local Government Pension Scheme (LGPS) *(continued)*

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

	Long-term rate of return expected at 31 July 2020	Value at 31 July 2020 £'000	Long-term rate of return expected at 31 July 2019	Value at 31 July 2019 £'000
Equity instruments	2.1%	13,899	2.4%	13,778
Debt instruments	2.1%	13,576	2.4%	13,778
Property	2.1%	3,232	2.4%	2,449
Cash	2.1%	1,616	2.4%	612
<b>Total fair value of plan assets</b>		<u>32,323</u>		<u>30,617</u>
Weighted average expected long term rate of return	5.5%		5.5%	
<b>Actual return on plan assets</b>		<u>1,348</u>		<u>2,209</u>

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

	2020 £'000	2019 £'000
Fair value of plan assets	32,323	30,617
Present value of Scheme liabilities	(41,945)	(39,160)
<b>Net Pension Liability</b>	<u><b>(9,622)</b></u>	<u><b>(8,543)</b></u>

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

	2020 £'000	2019 £'000
<b>Amounts included in staff costs</b>		
Employer service cost (net of employee contributions)	1,679	1,210
Past service cost	75	117
Total	<u>1,754</u>	<u>1,327</u>
<b>Amounts included in investment income</b>		
Interest income on plan assets	648	789
Interest cost on defined benefit obligation	(836)	(907)
<b>Net interest income</b>	<u>(188)</u>	<u>(118)</u>

## Notes to the Accounts *(continued)*

### *Defined benefit obligations (continued)*

#### *Local Government Pension Scheme (LGPS) (continued)*

##### Amount recognised in other comprehensive income

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Return on pension plan assets	700	1,420
Experience losses arising on defined benefit obligations	2,123	-
Changes in assumptions underlying the present value of liabilities	(2,877)	(5,421)
<b>Amount recognised in other comprehensive income</b>	<b>(54)</b>	<b>(4,001)</b>

##### Movement in net defined benefit liability in year

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability at 1 August	(8,543)	(3,968)
Movement in year:		
Employer service cost (net of employee contributions)	(1,754)	(1,327)
Employer contributions	917	871
Net interest on assets	(188)	(118)
Actuarial gain	(54)	(4,001)
<b>Net defined benefit liability at 31 July</b>	<b>(9,622)</b>	<b>(8,543)</b>

##### Asset and Liability Reconciliation

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Changes in the present value of defined benefit obligations		
<b>Defined benefit obligations at start of period</b>	<b>39,160</b>	<b>31,986</b>
Service cost	1,754	1,327
Interest cost	836	907
Employee contributions	222	207
Changes in financial assumptions	754	5,421
Benefits paid	(781)	(688)
<b>Defined benefit obligations at end of period</b>	<b>41,945</b>	<b>39,160</b>

## Notes to the Accounts *(continued)*

### *Defined benefit obligations (continued)*

#### *Local Government Pension Scheme (LGPS) (continued)*

##### Changes in fair value of plan assets

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	30,617	28,018
Interest on plan assets	648	789
Return on plan assets	700	1,420
Employer contributions	917	871
Employee contributions	222	207
Benefits paid	(781)	(688)
	<u>32,323</u>	<u>30,617</u>

These accounts show a past service cost of £75,000 in respect of the McCloud/Sergeant judgement which ruled that the transitional protection for some members of the public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 1% of the total scheme liability as at 31 July 2020. The calculation of adjustment to past service costs, arising from the outcome of the Court of Appeal judgement, is based on a number of key assumptions including:

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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgement, would be expected to change the disclosed past service cost.

At 31 July 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.0% at the prior year end to 0.9% at this year-end. The impact of this change is expected to have resulted in a £916k increase in the Fund's liabilities since the prior year end.

#### **17 Cash and cash equivalents**

	<b>At 1 August 2019</b>	<b>Cash flows</b>	<b>At 31 July 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash and cash equivalents	10,648,787	3,526,183	14,174,970
Overdrafts	-	-	-
<b>Total</b>	<u><b>10,648,787</b></u>	<u><b>3,526,183</b></u>	<u><b>14,174,970</b></u>

## Notes to the Accounts *(continued)*

### 18 Capital commitments

	2020 £	2019 £
Commitments contracted for at 31 July	6,389,000	840,000
Commitments authorised but not yet contracted for at 31 July	1,496,000	1,870,000

### 19 Contingent liability

The College had no contingent liability as at 31 July 2020.

### 20 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 may take place with organisations in which a governor may have an interest.

No governor has received any remuneration or waived payments from the College during the year (2019: None).

General Welding Supplies (NW) Limited, a company which a governor has an interest. Transactions totalling £23,684 (2019: £15,360) relating to the purchase of specialist equipment took place. There were no amounts outstanding at the year-end (2019: £nil).

Halton Chamber of Commerce, which a governor is Vice-Chair, had transactions of £1,392 (2019: £918) in year relating to membership. There were no amounts outstanding at the year-end.

Warrington Road Nursery is considered to be a related party due to a common Board member. Transactions totalling £1,650 relating to the provision of childcare for students. There were no amounts outstanding at the year end.

Halton Borough Transport is considered to be a related party due to a common Board member. Transactions totalling £213,956 relating to the transport for students. There were no amounts outstanding at the year end.

The Cheshire Local Government Pension Scheme (LGPS) is a post-employment benefit plan of which employees of Riverside College Halton are members. As such the scheme is defined as a related party under FRS102. Transactions between Riverside College Halton and the Cheshire LGPS are disclosed in note 16.

### 21 Events after the reporting date

There were no events after the reporting date.

## Notes to the Accounts *(continued)*

### 22 Amounts disbursed as agent

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Learner Support Fund	970,958	841,980
Interest earned	-	-
	<hr/>	<hr/>
	970,958	841,980
Disbursed to students	970,958	841,980
	<hr/>	<hr/>
Balance unspent at 31 July	-	-
	<hr/> <hr/>	<hr/> <hr/>

Funding Body grants are available solely for learners. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the Statement of Comprehensive Income, other than when the College has directly incurred expenditure.