



Bradford College

Annual Report and Financial Statements

For the year Ended 31 July 2022

BRADFORD COLLEGE

Key Management Personnel

Key management personnel, defined as members of the College's Executive Management Team, were represented by the following in 2021/22:

Mr Chris Webb	Chief Executive Officer; Accounting Officer	
Ms Sarah Applewhite	Vice Principal, Quality, Teaching & Experience	From September 2022
Dr Sarah Cooper	Director of People Services	
Mr Marc Gilham	Vice Principal, Data Funding	From October 2021
Mr Asa Gordon	Vice Principal, Curriculum	
Ms Alina Khan	Vice Principal, EDI	From January 2022
Ms Dawn Leak	Vice Principal EDI & Student Experience	From September 2022
Mr Chris Malish	Vice Principal, Curriculum and Development	Left December 2021
Mr Chris Malish	Vice Principal, Finance and Corporate Services	From September 2021
Mr Craig Tupling	Vice Principal, Quality and Student Experience	Left September 2022

Board of Governors

A full list of Governors is given on page 16-18 of these financial statements.

Ms Sarah McKenzie acted as Clerk to the Corporation.

Professional Advisers

Financial Statements and Regularity Auditors:

RSM UK Audit LLP
Two Humber Quays
Wellington Street West
Hull HU1 2BN

Bankers:

Lloyds Bank
Ground Floor Lovell Park
1 Lovell Park Road
Leeds
LS7 1DZ

Solicitors:

Eversheds
Bridgewater Place
Leeds
LS11 5DR

Internal Auditors (to 31 July 2022):

Wylie and Bisset
168 Bath Street
Glasgow
G2 4TP

Internal Auditors (from 1 August 2022):

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

BRADFORD COLLEGE

CONTENTS

	Page(s)
Corporation Report	3 – 14
Statement of Corporate Governance and Internal Control	15 – 23
Corporation Statement on the College's Regularity, Propriety and Compliance With Funding Body Terms and Conditions of Funding	24
Statement of Responsibilities of the Members of Corporation	25
Independent Auditors Report to the Corporation of Bradford College	26 – 28
Statement of Comprehensive Income	29
Statement of Changes in Reserves	30
Balance Sheet	31
Statement of Cash Flows	32
Notes to the Financial Statements	33 – 59
Independent Reporting Accountant's Assurance Report on Regularity	

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES

1. The corporation present their report and the audited financial statements for the year ended 31 July 2022.

Legal status

2. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the then Bradford & Ilkley Community College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
3. On 1 September 1999, with consent from the Secretary of State, the name of the Corporation was changed to Bradford College.

Mission

4. The College is passionate about students, the experience they have, the support that can be provided, the opportunities that the College can generate and the value that we can add to their time at the College, "Working together to transform lives".

Public Benefit

5. Partnership working goes from strength to strength as we engage with community organisations and stakeholders to be the community college for our district.
6. The College is an exempt charity under Part 3 of the Charities Act 2011 and its principal regulator is the Secretary of State for Education. The College Governors, who are trustees of the charity, are disclosed on page 16 of these financial statements. They are aware of their responsibilities as charity trustees to act for the public benefit in all their decision-making.
7. In setting and reviewing the College's strategic objectives, Governors had due regard for the Charity Commission's guidance on public benefit and, in particular, its supplementary guidance on the advancement of education.
8. The College is committed to providing high-quality education and to increasing educational opportunities among all the communities it serves. It is also committed to increasing the economic prospects and social mobility of Bradford and the surrounding areas. Substantial public benefit is provided through the wide range of activities it undertakes, from equipping individuals with basic life skills such as literacy and numeracy; to producing graduates.
9. As its core business, the College operates a general further education College, delivering a range of courses and study programmes, including apprenticeships at intermediate and advanced levels, supporting individuals to achieve their learning goals and complete their studies with skills equipping them for higher level courses or for the national workforce. It supports a large number of those individuals to undertake practical work experience directly linked to their study programmes, to help develop their employability skills. The College works collaboratively with statutory agencies, educational partners and private enterprises, including the Leeds City Region and Combined Authority in order to contribute to the creation of a skilled workforce.
10. The College partners with numerous local charities, social enterprises and community organisations, encouraging students to become involved in volunteering to support their personal development, augmenting the employability skills of those concerned and nurturing their sense of citizenship and social responsibility.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (continued)

11. Examples of the College's engagement in activities that are of benefit to the wider public in 2021/22 are:

- Raised awareness of Organ Donation in our community – lighting up the building in pink as a visual show of support with a series of student focused engagements.
- Supported the first Bradford Pride event post Covid-19, through sponsorship, venues and event management.
- Hosted elements of Bradford Literary Festival free of charge and promoted the events to the student body to increase their Cultural Capital.
- Students Harvey Paxton (who has cerebral palsy and is a wheelchair user) and Georgina Jovanovic created the documentary 'Acknowledge Me' to spark debate about the thought-provoking topic. Harvey and Georgina's personal experiences influenced their roles as Director and Assistant Director/Editor respectively.
- Hosted the first Future Technologies Expo - to inspire people into the exciting opportunities available in the green technology sector. Businesses, school and college students and general public were invited in to see a range of green, sustainable provision and innovation happening in Bradford.
- The College applied for and achieved College of Sanctuary status in recognition of the work the Adult & Community team do to support learners who are asylum seekers. This is the first time a College in West Yorkshire has received such an award from City of Sanctuary UK.
- The college continues to partner with Bradford City FC, and is providing a bespoke training venue at the Trinity Green campus for Bradford City ladies team.
- Carpentry students volunteered their free time to help a community garden project at Yorkshire Water's Esholt Hall site.
- The College has partnered with Bradford Bulls over a series of joint community activities throughout the year, where students have volunteered to improve community facilities and gain work experience. This relationship has just become a formal education partnership for 2022/23.
- Students from Bradford School of Art took part in a fun filled weekend at Deer shed Festival, this was a curriculum led planned event where students were able to base their final major projects around the themes of "pocket planets" to design and make material for a professional client. The event provided the students opportunity to showcase their work to an audience of 10,000 people, interacting with the public in performance settings whilst also working with young people to coach art skills
- 16 Students studying Travel at the College went on a 5 day international trip to Holland which involved work placement at Eurocamp. For many learners this was the first time they had travelled outside of the country and gave them many new experiences including that of new cultures. During the trip learners developed social and employability skills in various public facing roles including receptions and information points, camp tours, cleaning and maintenance.
- During the academic year the College secured funding to develop a carbon reduction plan, with the intent to significantly reduce carbon and align with the Government's carbon neutral target by 2050. The initial phase is driven through disposal of excess estate and refurbishment of older portions of the estate.
- In Catering, the College partnered with the Chefs Forum Academy to deliver weekly Masterclasses those studying on the Level 3 Professional Cookery programme. The masterclasses were delivered by a wide variety of culinary experts that gave talks and practical cooking that both provided hugely enriching skills and knowledge beyond curriculum. This included talks and sessions on Halal Butchery and cultural awareness surrounding this in food preparation. We also had sessions on Foraging which enforced the importance of sustainability and food miles alongside sourcing of local and fair trade produce. As all masterclass experts were from the food industry, professionalism, speed of work was highlighted and emphasised throughout giving a real taste of the modern day kitchen.
- Students from the Level 2 Sport Coaching learners were involved in coaching the Bradford City Disability Football Club on evenings towards the end of their programme which enabled them to further develop coaching skills learnt on the programme in a much more challenging environment working with older players with varying disabilities. This required learners to develop a greater understanding of the need to be able to adapt coaching methods and communication styles.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (continued)

12. The College produces and conserves works of artistic merit, for example curating a rich textile archive which it makes available for art students, designers, fabric manufacturers and the general public. It has mounted a series of exhibitions at prestigious events and venues which are open to the public, some involving international work. Paintings, designs and sculpture are displayed around the College campus and include student work.
13. The College continues with its commitment to provide training and industry relevant qualifications through a range of apprenticeship programmes that support local employees and employers. Circa. 91% of employees completing apprenticeships with Bradford College go onto progress or continue into sustained employment.
14. The College has a strong commitment to widening participation in education and learning and, in furtherance of this, it works with a number of organisations in the region to promote this. Young people are also engaged through initiatives such as weekend workshops, for example in computer programming and art, as well as dance classes and theatre projects, aimed at nurturing talent, promoting further and higher education and building confidence, as well as increasing public understanding of careers in various sectors.
15. The College delivers an extensive programme of teacher education, supporting school improvement through teacher training for local schools. It has excellent relationships with local schools, training a large proportion of their professional workforce. As well as training for new teachers, including for its own workforce, courses are offered for those who wish to improve their teaching skills.
16. The college has supported the needs of BRI by developing and delivering Adult Social Care apprenticeships at level 2 and level 3, supporting the recruitment of key frontline staff. Apprenticeships in Dental, Pharmacy and a Higher-Level apprenticeship in Social Work demonstrate the College's commitment to supporting regional employers to provide the essential services needed.
17. Further information about how the College has delivered its charitable purposes for the public benefit is detailed throughout the Corporation Report.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

Implementation of Strategic Plan

18. The start of the 2022 academic year has brought in new considerations to present the College Covid-19 safe for new and returning students and staff. Welcome back sessions include a number of measures to safeguard everyone on campus, resources have been made available to make the College a Covid-19 safe environment from the start of the new academic year to support the vision of **creating a better future for all through education and training**.

The strategic goals and objectives of the College's five-year corporate strategy in the pursuit of the College's educational mission, **working together to transform lives**, are laid out below. At the start of each academic and financial year, Corporation approves the strategic priorities, key improvement actions and performance targets to be achieved by the end of that year. Performance targets are set for each of the key performance indicators that measure the success of achieving the strategic objectives. This allows for monitoring by Corporation during the year to allow for prompt intervention if there is any major deviation from achieving the strategic objectives and goals. In this way, the Corporation is overseeing the execution of the College's corporate strategy on an annual basis. The College aims to:

Deliver a curriculum that meets the needs of students, employers and our community

Deliver an outstanding student experience

Be an employer of choice

Maintain a sustainable College

Grow our reputation and influence

19. In pursuing the strategic goals and objective, the College do so in accordance with its set of **values**, which guide the way things are done:
- a. ***Respectful***: supportive, empathetic, mindful.
 - b. ***Inclusive***: belonging, valued, understanding.
 - c. ***Trust***: credible, accountable, honest.
 - d. ***Inspirational & Aspirational***: passion, ambition, belief, confidence.
20. In 2021/22, strategically, the College was committed to continue its strengthening of its academic and financial sustainability through continuing with a programme of change in the face of ongoing challenges in both the FE and HE sectors in England.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

Key Performance Indicators

21. The College monitors its performance in delivering the strategic objectives of the institution using a set of key performance indicators. The indicators align with the objectives set by the corporation, namely
- to deliver a curriculum that meets the needs of students, employers and our community
 - to deliver an outstanding student experience
 - to be an employer of choice
 - to maintain a sustainable college
 - to grow the college's reputation and influence

For 2021/22 a sample of the actual performance against target is shown below:

	Target	Actual
	%	%
Staff costs as % of income*	64.3%	66.1%
Cash days in hand	91	61
Adult students' achievement	93.2%	86.9%
16-18 student's achievement	89.0%	79.0%
Adult student attendance	90.0%	85.1%
16-18 student attendance	90.0%	76.1%
EBITDA % Income**	5.7%	2.9%

*Includes restructuring costs

** Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), excludes pensions charges.

FINANCIAL POSITION

Financial results

22. The College suffered a deficit before other gains and losses in the year of (£6.4m) (2020/21 – deficit of £2.5m).
23. The total comprehensive income in 2021/22 is stated after accounting for the following items:
- Actuarial gain in respect of defined benefit pensions schemes, which relates to the West Yorkshire Pension Fund (WYPF, a Local Government Pension Scheme), of £47.8m (2020/21 – actuarial gain of £18.7m);
 - Restructuring costs of £0.6m (2020/21: cost of £0.3m);
 - Additional employer service costs for the defined benefit pension scheme with the WYPF of £3.2m including past service costs of £0.01m as per FRS 102 (28) (2020/21 – cost of £2.8m);
 - Net interest payable on the defined pension liability with the WYPF of £0.8m as per FRS 102 (28) (2020/21 – cost of £0.9m);
 - Interest and other finance costs, excluding the pension finance cost as per the above item, of £0.7m (2020/21 cost of £0.6m);
 - Depreciation charge of £3.3m (2020/21 – cost of £3.1m).

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

24. Capital investment - the College invested £1.3m in fixed asset additions during the year 21/22.
25. Reserves – the College reserves amounted to £58.3m at the year-end. It held £9.3m in cash and bank balances at that date.
26. The College reserves are reviewed in line with Charity Commission guidance, through forecasting and quarterly analysis of actuals. Performance is measured against key indicators for EBITDA as a percentage of income, staff costs as a percentage of income, borrowing as a percentage of income, adjusted current ratio and bank covenant compliance. Where a key performance measure is highlighted as breach or potential breach of the minimum levels set, corrective action is taken to ensure the College reserves are not compromised. Aspirational levels are set for each of the key performance measures. Planned income is monitored through the annual business planning cycle with quarterly reviews. Cash reserves are subject to monthly reconciliation.
27. The College reserves remain at a satisfactory level. Income has fallen due to there being no capital grant in 2021/22 and a reduction in 16-18 grant income reflecting the student numbers in 2020/21, though 16-18 student numbers did grow in 2021/22. Measures are in place to protect the College reserves and cash and bank balances. Core income levels have remained relatively stable during the academic year.
28. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 these funding bodies provided over 72% of the College's total income.
29. The College includes its two joint venture companies.

FUTURE PROSPECTS

30. **Financial Plan** – the Corporation approved a three-year financial plan in July 2022 which sets objectives for the period to 2025 as part of delivering a sustainable college.
31. Treasury policies and objectives - the College has a Treasury Management Policy in place, applicable to both the investments and borrowings of the College. The policy recognises the difficulties of striving for effective risk management and controls whilst at the same time pursuing value for money. The aim is to effectively manage cash flows and banking arrangements to meet the College's needs.
32. Applications on Further Education and Higher Education programmes may prove to be challenging this coming year, however we are anticipating new opportunities that the College will pursue.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

33. Unforeseen additional costs have been experienced due to ongoing mitigation to the Covid-19 pandemic as the College moved to the more traditional delivery methods. These additional costs of £25k continue into 2021/22 as social distancing measures and mask wearing continued. Close monitoring of performance with regular review are in place to aid in the control of the college's reserves. The College worked closely with suppliers to ensure early payment to the supply chain in accordance with the Government Procurement Policy Notices.
34. **Cash flows and liquidity** – at £1.1m (inflow from operating activities) for 2021/22 (2020/21 £4.8m inflow).
35. The net overall cash outflow of £1.7m (2020/21 – inflow £0.8m). Pay costs savings were made as a result of held vacancies and some restructuring.
36. **Reserve Policy** - the College wishes to build its reserves in order to:
- a. Maintain financial solvency and continually improve financial sustainability;
 - b. Strengthen the ESFA financial health grading;
 - c. Ensure full compliance with bank loan covenants;
 - d. Fully cover pension fund liabilities

At the year end the College had total reserves of £58.3m. It is the College's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

37. **Going concern** – The College continued to work closely with the ESFA and the Lloyds Banking Group, during the 2021/22 financial year. The Covid-19 pandemic has meant sales of property were delayed, although there is an expectation that advancement in the planned building sales will continue during 2022/23. Included within the College's bank loans is a £2m interest only loan repayable in full at the end of 4 years, unless repaid from the proceeds of disposal of properties, in accordance with the Fresh Start restructure agreement.

The College annually produces a three-year financial plan that is approved by Corporation and submitted to the ESFA. The plan approved in July 2022, includes a budget and cashflow position to July 2024 which demonstrates a strong cash management and improving underlying financial performance through a rising EBITDA above the FE Commissioner's bench mark from increased income and robust control of costs. This will provide future financial health scores of Good and demonstrates a clear flight path to covenant compliance all which has been shared with the bank. As part of this three-year financial plan, monthly forecasts and cashflows to 31 July 2024 were prepared and assessed for covenant compliance for this period, with a high level annual budget for 2025 prepared.

The College is aware of the wider economic pressures of inflation and more specifically increasing energy costs. In January 2022 the College managed to secured a three-year fixed rate contract for gas and electricity, which came into effect from April 2022, however this still result in a significant increase in costs, which are budgeted to be £0.4m higher in 22/23 than in 21/22. With regards to wider inflationary pressure the College monitors its costs robustly through the quarterly performance review, where needed actions are taken to address deviations from budget and the impact is reported to the Governors for approval.

The College had four covenant breaches in 2021/22 for the periods of October 2021, January 2022, April 2022 and July 2022. Further breaches of the bank covenant have been forecast for each covenant test period of the 31 July 2023 financial year. The bank continues to be very supportive of the College, granting waivers for the breaches in 2021/22. The bank, however, are unable to provide waivers so far in advance but have indicated that the waivers are likely to be awarded for covenant test periods in the 31 July 2024 financial year. The College and the bank are not looking to reset the Covenants as a plan has been agreed that demonstrates a path to full covenant compliance by July 2024. The College has positive cash balances of circa. £9.3m, which is higher than the amounts forecast as per the original Fresh Start restructure agreement, that gives rise to confidence going forward.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

38. A balanced budget has been set through the robust and detailed business planning rounds, giving control and visibility with a view to meeting the College strategic aim to deliver a sustainable college.

The College aims to deliver an outstanding student experience, meeting student, employers and the community needs through the curriculum, building on its reputation and influence and becoming an employer of choice. The Covid-19 pandemic strengthened the College's ability to deliver a flexible working environment for both staff and students. The College proved it was well prepared in resources and successfully created a Covid-19 safe environment for a return to College for academic delivery from the start of the 2021/22 academic year and this has continued through the whole of 2021/22.

The support received during the Covid-19 pandemic helped the College maintain an acceptable level of cash reserves, the position will be regularly reviewed during the 2022/23 academic year, however the College feels through careful monitoring and planning the future sustainability of the financial position of the College will be maintained. The College has prepared cashflow projections through to July 2024 that demonstrate the College can meet its working capital and debt obligations as they fall due.

The College has a good proven record of a robust budget planning and monitoring system, which is embedded in the financial management enabling the college to address reductions in income through strong cost control, this along with good current cash levels gives assurance that the college continues to be a going concern. On this basis, the Governors are satisfied that the College remains a going concern and therefore adopt the going concern basis of accounting.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

FE Quality

39. The College's Further Education self-assessment review, against the new Education Inspection Framework gained an overall effectiveness judgement of 'Good'. This is an improvement compared with the "requires improvement grade of 2020/21.
40. The good grade is supported by a 3-year improving trend in student outcomes and an improvement in learning, teaching and assessment.

RESOURCES

41. The College has £58.3m of net assets (including a pension liability of £3.5m, a positive swing of £43.8m from the previous year liability). Fixed assets include properties with a balance sheet value of £76.7m.
42. The pension liability continues to experience fluctuations, a result of the wider uncertainty in the stock market due to the Covid-19 pandemic, UK Government policy, UK inflationary pressures, BREXIT and amendments to scheme rules and changing actuarial assumptions.
43. The College employs 906 staff (expressed as numbers by head count) of whom 660 are teaching staff.
44. The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

STRATEGIC RISKS AND UNCERTAINTIES

45. The College has well developed strategies for managing risk and seeks to embed risk management in all that it does. The College has a robust planning and monitoring system in place that tracks both quality and finances and ensures where there is deviation from plans actions are taken to mitigate this. The strategic risk implications are considered at all committee meetings, with each agenda item being referenced to the relevant risk. The College continues to refine and improve systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation. Examples of risk mitigation through the year were the continued meeting of the critical incident team, chaired by the Vice Principal, Curriculum and Development, who would review and implement actions in response to Covid and the return to onsite delivery. This included policies and guidance about a safe return to working on site providing a safe environment that mitigated the risk of Covid transmission through increased ventilation in rooms, mask wearing requirements, one way systems, social distancing guidance for when students and staff returned to College at the start of the academic year. In terms of monitoring finance this was done as part of the regular quarterly performance review process. However, there was greater scrutiny on replacement roles and spend was limited to business critical items only, given the impact of lower student numbers.
46. The corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.
47. The corporation is aware of the change in classification following the ONS review, which is considered if Further Education Colleges are public sector or private sector. The outcome being a reclassification to Public Sector with immediate effect from the 29 November 2022. This had immediate implications for future borrowing or refinancing, however this will not impact upon the College in the medium term. There was also a commitment to smooth out the payment of allocated funds to address usual low levels of cash Colleges hold in March and April of each year. In addition the College will now need to reference the Managing Public Money document (MPM), though full transition and implementation of this is being worked on by the DFE. Therefore, the executive are in regular dialogue with the ESFA, Bank and FE commissioner's team to keep the governors abreast of the situation and respond to guidance as it is released.
48. A strategic risk register is maintained at College level which is reviewed at each meeting of the Audit Committee and the relevant other committees monitor the risks delegated to them at each of their meetings. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College, the sources of assurance and the actions being taken to reduce and mitigate the risks. Strategic and operational risks are scored with a consistent scoring system as per the risk management policy.
49. Outlined below is a description of the principal risks affecting the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Outstanding student experience

50. The College needs to ensure it continually improves the quality of teaching, learning and assessment and there is a risk that it may not do this. The quality of delivery to students needs to be of sufficient quality to produce acceptable progression and achievement rates.
51. In addition, a failure to ensure that achievement rates and value-added increases are above national averages may trigger an inspection. This would have a detrimental impact upon reputation and recruitment.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

Curriculum offer

52. The College needs to ensure the curriculum is relevant, innovative, adds value and is of high quality and is planned and improved to meet the needs of learners and employers. If this is not achieved and learner needs are not met, there is a risk that learner numbers will decline as they seek other providers of relevant curriculum.

Staff

53. The College may fail to retain senior leaders required to continue to deliver clear strategy and leadership.
54. It could also fail to recruit, retain and engage high performing employees. The College will mitigate this by ensuring it offers a good but challenging working environment that also stimulates staff in parallel to market level with a strategic goal of becoming an employer of choice.

Achieving recruitment targets

55. The College risks failing to meet its recruitment targets and thus missing its income total. The College would be required to address its cost base as a result of predicted deficits and face a position where financial obligations cannot be met.

Financial Sustainability

56. The College formulated a strategic sustainable financial plan in conjunction with the ESFA in light of the financial notice to improve issued in 2017/18, (these were lifted in September 2022) and to safeguard the College's against the ongoing financial challenges facing the FE sector and HE sector. There is a risk that there is an inability to maintain financial sustainability by failure to generate operating surpluses, control costs and manage cash flow. The College annually formulates a three-year financial plan, which is annual approved by the Governors that demonstrates financial sustainability and a plan to continually deliver a financial health score of good. The College will continue to seek to identify and realise income growth and cost saving opportunities to deliver value-for-money from the use of its resources in delivering the corporate strategy. The prime focus will continue to be the improvement in student achievement and numbers enrolled. The Teachers' Pension Scheme increases of 7% is being funded by ESFA from 1st September 2019 to July 2023.
57. The College is aware of the wider economic pressures of high inflation and the increase in energy costs. In January 2022 a three-year fixed rate contract for gas and electricity was secured. This still resulted in a significant increase in costs but insulated the college from subsequent increases. With regards to wider inflationary pressure the College monitors it's costs robustly through the quarterly performance reviews, where if needed actions are taken to address deviations from budget and the impact is reported to the Governors for approval.

STAKEHOLDER RELATIONSHIPS

58. In line with other Colleges and Universities, Bradford College has many stakeholders. These include:
- students, both current and future, and Alumni
 - education funding bodies
 - FE Commissioner
 - staff and their trade unions
 - local employers (with specific links) including its suppliers
 - local authorities, government offices and local enterprise partnerships
 - partner schools and universities as well as other Colleges
 - professional organisations in the sectors it works in

NATURE, OBJECTIVES AND STRATEGIES (Continued)

Equality and diversity

59. Bradford College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively, differences in race, gender, sexual orientation, ability, religion or belief and age. It strives vigorously to remove conditions which place people at a disadvantage and actively combats bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality, Diversity and Inclusion Policy, which includes Race Relations and Transgender, is published on the College's internet site. In advance of the 2022/23 academic year the College also developed a new strategic objective of becoming a truly inclusive College.
60. The College publishes an Annual Equality, Diversity and Inclusion Report to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.
61. The College has committed to the principles and objectives of the Positive about Disabled standard. It considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to facilitate the continuance of their employment with the College. The College's policy is to provide training, career development and opportunities for promotion for employees with disabilities that are, as far as possible, identical to those for non-disabled employees.

Disability Statement

62. The College seeks to achieve the objectives set down in the Equality Act 2010:
 - i. as part of the redevelopment of the buildings lifts and ramps have been installed;
 - ii. there is a stock of specialist equipment, such as lighting for audio facilities, a range of assistive technologies, which the College can make available for use;
 - iii. both FE and HE have an admissions policy which details the procedure for both admissions and appeals against a decision not to offer a place to any applicant; there is a College-wide Learning Support Policy and a Disclosure and Confidentiality Policy for Learners with Disabilities and/or Learning Difficulties that sets out the processes we follow;
 - iv. the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities to build a learning support team of academics;
 - v. there are a number of learning support assistants who provide a variety of support for learning;
 - vi. there is a programme of staff development to ensure provision of appropriate student support; specialist training is provided for staff supporting learners specific to needs;
 - vii. specialist programmes are described in programme guides, achievements and destinations are recorded and published in the standard College format;
 - viii. mental health and wellbeing, counselling and welfare services are provided. Support services for students and staff are described on the website, during induction and via various publications in College;
 - ix. marketing materials, prospectuses and course materials for learners are available in a range of alternative formats on requests, such as braille, large print or in British sign language.

BRADFORD COLLEGE

CORPORATION REPORT

NATURE, OBJECTIVES AND STRATEGIES (Continued)

Trade union facility time

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

Numbers of employees in the relevant year	906
---	-----

Relevant Union Officials

Numbers of employees who were relevant union officials during the relevant period	Percentage of time	FTE employee number
10	18.9%	1.81
Total cost of facility time		£89.0k
Total pay bill		£32.4m
Percentage of total bill spent on facility time		0.27%

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by



Ms C. Orange
Chair

Statement of Corporate Governance

Purpose

The following statement is provided to enable readers of the College's annual report and financial statements to obtain a better understanding of its governance and legal structure. It covers the year from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The Corporation recognises that, as a body entrusted with both public and private funds, it has a duty to observe the highest standards of corporate governance at all times. It is committed to exhibiting best practice in all aspects of corporate governance, conducting its business in accordance with:

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

Compliance with the Code

In the opinion of the Governors, the College complies with all provisions of The Code of Good Governance for English Colleges, and it has complied throughout the year ended 31 July 2022. This opinion is based on internal review of compliance with the Code carried out by the Search and Governance Committee and reported to the board on 20 October 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2015, which it formally adopted in December 2015.

Corporation Membership

During the year, the individuals named in the table below served as Governors on the Corporation:

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governor	Date of initial appointment	Most recent re-appointment	Length of current term of office	Termination date (if applicable)	Type of Governor	Committees served on in 2021-22	Attendance 01.08.21 and 31.07.22
Mrs C Orange (Chair)	21 Jan 2016	24 Oct 2019	4 yrs	N/A	Independent	<ul style="list-style-type: none"> Corporation Chair Remuneration Committee Search & Governance Committee (Chair) Quality & Standards Committee SPH & Clerk Appointment Committee 	100%
Mr P Ashton	14 Dec 2011	20 Jun 2019	4 yrs	13 Dec 2021	Independent	<ul style="list-style-type: none"> Finance & General Purposes Committee (Chair) Search & Governance Committee SPH & Clerk Appointment Committee 	100%
Mr S Aslam	3 Mar 2021		4 yrs	7 Oct 2022	Independent	<ul style="list-style-type: none"> Quality & Standards Committee 	60%
Mr P Birtles	18 Oct 2018	26 May 2022	4 yrs	N/A	Independent	<ul style="list-style-type: none"> Corporation Vice Chair Remuneration Committee (Chair) Search and Governance Committee SPH & Clerk Appointment Committee 	87%

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Mr D Feamley	1 Sept 2021		4 yrs	N/A	Independent	<ul style="list-style-type: none"> Finance & General Purposes Committee 	70%
Ms L Ho	1 July 2019		4 yrs	N/A	Independent	<ul style="list-style-type: none"> Finance & General Purposes Committee Remuneration Committee 	89%
Ms A Kendal	19 Oct 2017	21 Oct 2021	4 yrs	N/A	Independent	<ul style="list-style-type: none"> Audit SPH & Clerk Appointment Committee 	100%
Mr N B Khokhar	1 Jul 2019		4 yrs	N/A	Independent	<ul style="list-style-type: none"> Quality & Standards Committee Remuneration Committee 	90%
Mr A Kidwai	3 Mar 2022		4 yrs	11 Mar 2022	Independent	Audit Committee	33%
Miss T Lythgow	3 Feb 2021		4 yrs		Staff	Audit Committee	78%
Ms J Mironova	1 Sept 2021		1 yr	30 Jun 2022	Student	Quality & Standards Committee	100%
Mr E Osei Boateng	17 Nov 2021		4 yrs		Independent	Quality & Standards Committee	50%
Mr C Pazvakawambwa	3 Mar 2021		4 yrs		Independent	Finance & General Purposes Committee	90%
Mr Umar Rafique	31 Mar 2022		4 yrs		Staff	Audit	90%
Mr S Roberts	15 May 2018	21 Oct 2021	4 yrs	18 Oct 2022	Independent	Audit Committee	78%
Ms H Shiraz	1 Sept 2021		1 yrs	30 Jun 2022	Student	Quality & Standards Committee	65%
Mr P Telemacque	29 March 2018		4 yrs	28 Mar 2022	Staff	None	100%
Dr F Thompson	3 Mar 2021		4 yrs		Independent	Quality & Standards Committee	90%

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Mr N Ward	18 Oct 2018	26 May 2022	4 yrs		Independent	Finance & General Purposes Committee	70%
Mr C Webb	1 Mar 2019		Ex Officio		Chief Executive Officer	<ul style="list-style-type: none"> Finance & General Purposes Committee Quality & Standards Committee Search & Governance Committee SPH & Clerk Appointment Committee 	100%
Mr J Williams	1 Sept 2021		4 yrs		Independent	<ul style="list-style-type: none"> Audit Committee Search & Governance Committee SPH & Clerk Appointment Committee 	69%
Mr R Woods	12 Dec 2019		4 yrs		Independent	Quality & Standards Committee	30%
Ms S McKenzie acted as Clerk to the Corporation							

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, safeguarding and personnel-related matters such as health and safety and environmental issues. The Corporation meets approx. five times a year.

The Corporation conducts its business through a number of committees. Each having its own terms of reference approved by the Corporation. The current standing committees are Audit; Finance and General Purposes; Quality and Standards; Remuneration and Search and Governance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at <https://www.bradfordcollege.ac.uk/about-us/governance/corporation-and-committee-meeting-minutes/> or can be obtained from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of Governors' financial and personal interests. The register is also available for inspection from the Clerk to the Corporation.

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

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

The Corporation has a strong and independent non-executive element; that group are completely independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. No individual or group dominates the Corporation's decision-making process. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Appointments to the Corporation

All Governor appointments are made by the full Corporation, as required by the Instrument of Government. The Corporation's Search Committee, is responsible for the selection and nomination of new Independent Governors for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years, renewable for a maximum of two terms, except in exceptional circumstances or where undertaking a new and more senior role for example as Chair of a Committee, or as Chair or Vice-Chair of the Corporation. This arrangement is a deliberate deviation from the Code. The Corporation considers that due to the complexity of the business it is in and the value of corporate memory, it is in the College's interests to be able to retain experienced trustees for more than two terms in exceptional circumstances. However, prior to recommending the reappointment of any individual, the Search & Governance Committee will consider any other available candidates and select the most suitable. In view of the recommendations of the Nolan Committee and the College's values, the Search & Governance Committee will take particular care to ensure that any decision to reappoint is justified.

Corporation performance

The Corporation engaged in an external board review in May/June 2021 receiving positive feedback about its composition, structures and interaction. It was noted that the Board is having a very positive impact and has been effectively providing leadership in governance throughout the period of transformational change and the drive for excellence.

The Corporation has considered DfE guidance on board reviews and has plans to commission its next external review in line with the timeframe for reviews set out by the DfE during 2023/24.

All governors are asked to specify their own training and development needs as part of the Skills Audit and Corporation's annual self-assessment process. During the year to 31 July 2022 Governors were invited to participate in training/development opportunities, topics covered were:

- Governor statutory responsibilities
- Strategies for dealing with Committee and Corporation papers and meetings
- Risk appetite
- Bank Covenants
- College Curriculum and the College Profile
- GDPR statutory responsibilities
- Equality and Diversity
- The role of the audit committee
- The role of committee chair
- Chair Leadership Programme

The ETF Governance Development Programme (online personalised training modules) has also been made available to all governors.

Alongside the training completed by governors the Clerk has undertaken a variety of development activities including Safeguarding and Prevent training, Health and Safety, the Ofsted Inspection Framework, charity law and attendance at Governance Professionals Conference. The Clerk also receives regular briefings/updates from the AoC, Eversheds, Department for Education, the ESFA, the Charity Commission as well as information from the Clerk's Network.

Owing to the Ofsted Inspection in November 2021, the Clerk deferred her place on the Governance Professionals' Leadership Programme to November 2022.

College Performance

Through annual business planning along with robust forecasting the College continues to work towards its strategic plan to deliver a sustainable college. The College bankers, Lloyds Banking Group, supports the College through the fluctuating environment this last year and have issued four covenant waivers in the year to July 2022. The College had four covenant breaches in 2021/22 for the periods of October 2021, January 2022, April 2022 and July 2022. The College continues to hold healthy cash balance at circa. £9m.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Committees of the Corporation

Search and Governance Committee

The Search and Governance Committee, which includes in its membership the Chief Executive (who is a Governor) and the Chair of the Corporation, considers applications for appointment to the Corporation. The Committee ensures that an appropriate range of skills and expertise is maintained on the board, including a programme of Governor training; and that there is effective succession planning. It closely monitors Governor attendance and operates a number of controls for the same, to ensure high levels of commitment are demonstrated and to mitigate the risk of ineffective governance where a majority of Governors are not fully briefed and up to date. The Committee also reviews the annual performance of the Corporation and advises the full board on the adequacy of its governance arrangements.

Remuneration Committee

The Remuneration Committee oversees the appraisal and performance management arrangements for the Chief Executive Officer, the Clerk and other senior post holders as defined in Standing Orders. It also makes recommendations to the Corporation in respect of their remuneration, in accordance with the AoC's code for remuneration of senior staff, and based on College performance, sector benchmarking and the achievement of individual objectives. The Committee's members are all independent governors. The Corporation has adopted the AoC's code for remuneration of senior staff.

Details of payments for the year ended 31 July 2022 are set out in note 8 of the notes to the Financial Statements.

Audit Committee

The Audit Committee in accordance with the Audit Code of Practice, comprises at least three members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with terms of reference approved by the Corporation. The Audit Committee meets four times a year and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management.

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

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

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

Attendance at audit committee meetings in the year were:

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Audit Committee	Possible attendances	Total attendances	Total absences	%attendance	16.09.21	15.12.21	10.03.22	19.05.22
John Williams (Chair)	4	4	0	100%	1	1	1	1
Ann Kendal	1	1	0	100%	1	N/A	N/A	N/A
Steve Roberts	4	3	1	75%	1	1	1	0
Azim Kidwai	3	2	1	67%	1	1	0	N/A
Tiffany Lythgow	4	3	1	75%	1	0	1	1
Umar Rafique	1	1	0	100%	N/A	N/A	N/A	1
Total by meeting	16	13	3	83%	5	3	3	3

Finance and General Purposes Committee

The Finance and Resources Committee considers and advises the Corporation on all aspects of the Corporation's finances and resources, inclusive of financial policies, controls and strategy. It meets six times a year. Its membership includes the Chair of the Corporation and the Chief Executive Officer.

Quality and Standards Committee

The Quality and Standards Committee ensures the College's curriculum offering is of a high calibre and reflects current practice and pedagogy in the sector, making recommendations to the Corporation on the mission and educational character of the College. It meets four times a year. Its membership includes governors with relevant experience in the education sector especially within FE and HE.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Bradford College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bradford College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Internal control (continued)

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding, that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Internal Audit Reviews

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

For 2021-22 the HIA concluded that:

"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.

In our opinion Bradford College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work"

During the year to July 2022, 12 internal audits took place. The internal audits targeted areas where complexities existed with a view to targeting improvements in internal control.

- Student Experience (strong assurance)
- Curriculum Planning - Course Costing (substantial assurance)
- Inhouse Catering and Inhouse Security (weak assurance)
- Follow Up Review of Inhouse Catering (substantial assurance)
- Business Continuity & Disaster Recovery (weak assurance)
- Follow up Review of Business Continuity and Disaster Recovery (strong assurance)
- Student Recruitment (substantial assurance)
- Funding Review (substantial assurance)
- GDPR (substantial assurance)
- Payroll (strong assurance)
- Follow Up Review (substantial assurance)

In the areas where weak assurance was received, mitigating actions were formulated and implemented. The two areas were subsequently re-audited to affirm improvement and demonstrated the implementation of the actions identified in the original audit.

BRADFORD COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Internal control (continued)

Statement from the audit committee

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

Review of effectiveness

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

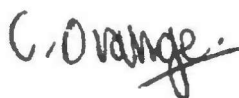
- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance,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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation has carried out the annual assessment for the year ended 31 July 2022 at its meeting on 15 December 2022 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2022.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the accountability for how it spends public funds."*

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by



Ms C. Orange
Chair



Mr Chris Webb
Chief Executive Officer

BRADFORD COLLEGE

STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer, I confirm that the Corporation has had due regard to the requirements of the grant funding agreements and contracts with the ESFA and has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the College's grant funding agreements and contracts with the ESFA.

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

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

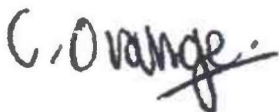


Mr Chris Webb
Accounting Officer

15 December 2022

Statement of the Chair of Governors

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



Ms C. Orange
Chair

15 December 2022

BRADFORD COLLEGE

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Corporations' grant funding agreements and contracts with the ESFA and any relevant funding bodies, the Corporation, through its accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, ESFA's College accounts direction and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the Corporation and its surplus or deficit of income over expenditure 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate;
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Corporation will continue in operation.

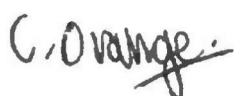
The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

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

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

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



Ms C. Orange
Chair

15/12/22

BRADFORD COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BRADFORD COLLEGE

Opinion

We have audited the financial statements of Bradford College (the "College") for the year ended 31 July 2022 which comprise the statement of comprehensive income, the statement of changes in reserves the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the College is forecasting further loan covenant breaches at each quarter end from January 2023 to April 2024, for which the College's Banker has not issued waivers in advance. As stated in note 1, these events or conditions, along with the other matters as set out in note 1, indicate that a material uncertainty exists which may cast significant doubt about the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

BRADFORD COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BRADFORD COLLEGE

Opinion on other matters prescribed by the Office for Students' 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;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2021 to 2022 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 3 to the financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Bradford College

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

BRADFORD COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BRADFORD COLLEGE

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

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

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates and performing tests of detail on a sample of revenue transactions together with performing a review of the appropriate application of the College's revenue recognition policy.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 29 October 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

19/12/2022

BRADFORD COLLEGE

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2022

	Note	2022 £'000	2021 £'000
INCOME			
Funding body grants	2	33,152	34,339
Tuition fees and education contracts	3	10,311	11,461
Other grants and contracts	4	1,323	1,048
Other income	5	704	287
Investment income	6	3	-
Donations	7	139	186
Total income		45,632	47,321
EXPENDITURE			
Staff costs	8	31,836	30,277
Restructuring costs	8	562	331
Other operating expenses	9	14,926	14,617
Depreciation	12	3,293	3,079
Interest and other finance costs	10	1,463	1,502
Total expenditure		52,080	49,806
Deficit before other gains and losses		(6,448)	(2,485)
Loss on disposal of tangible fixed assets	12	-	-
Deficit before tax		(6,448)	(2,485)
Taxation	11	-	-
Deficit for the year		(6,448)	(2,485)
Re-measurement of net defined benefit pensions liability	24	47,752	18,703
Other comprehensive income for the year		47,752	18,703
Total comprehensive income for the year		41,304	16,218
Attributable to the College Corporation		41,304	16,218

BRADFORD COLLEGE

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2022

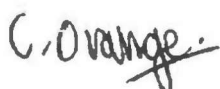
	Restricted reserves		Attributable to the College		Total £'000
	Endowment fund	Income and expenditure	Revaluation reserve	Merger reserve	
	£'000	£'000	£'000	£'000	
Balance at 1 August 2020	124	(5,481)	6,020	-	663
Deficit for the year	-	(2,485)	-	-	(2,485)
Other comprehensive income	-	18,703	-	-	18,703
Transfer of subsidiary undertakings	-	-	-	102	102
Total comprehensive income for the year	-	16,218	-	102	16,320
Balance at 31 July 2021	124	10,737	6,020	102	16,983
Deficit for the year	-	(6,448)	-	-	(6,448)
Other comprehensive income	-	47,752	-	-	47,752
Transfer between revaluation reserve and income and expenditure account	-	3	(3)	-	-
Total comprehensive income for the year	-	41,307	(3)	-	41,304
Balance at 31 July 2022	124	52,044	6,017	102	58,287

BRADFORD COLLEGE

BALANCE SHEET

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets	12	76,535	78,491
Investments	13	126	127
Total fixed assets		76,661	78,618
Current assets			
Stocks		62	88
Trade and other receivables	14	2,264	2,019
Cash at bank and in hand	19b	9,275	10,983
Total current assets		11,601	13,090
Current liabilities			
Creditors – amounts falling due within one year	15	9,901	8,119
Net current assets		1,700	4,971
Total assets less current liabilities		78,361	83,589
Creditors – amounts falling due after more than one year	16	16,303	19,021
Provisions for liabilities and charges			
Defined benefit pension scheme	18	3,516	47,282
Other provisions	18	255	303
Total net assets		58,287	16,983
Reserves			
Restricted reserves			
Endowment fund		124	124
Unrestricted Reserves			
Income and expenditure account		52,044	10,737
Revaluation reserve		6,017	6,020
Merger reserve		102	102
Attributable to the College Corporation		58,163	16,859
Total reserves		58,287	16,983

The financial statements were approved and authorised for issue by the Corporation on 15 December 2022 and are signed on their behalf on that date by:



Ms C. Orange
Chair



Mr C Webb
Accounting Officer

BRADFORD COLLEGE

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £'000	2021 £'000
Operating activities			
Cash generated from operations		1,139	4,844
Taxation paid		-	-
Net cash from operating activities	19a	1,139	4,844
Interest received		3	-
Purchase of tangible fixed assets		(1,309)	(3,072)
		(1,306)	(3,072)
Financing Activities			
Interest paid		(621)	(640)
Repayment of obligations under finance leases		(20)	(18)
Repayment of loan restructure borrowings		(900)	(350)
		(1,541)	(1,008)
(Decrease)/Increase in cash and cash equivalents in the year		(1,708)	764
Cash and cash equivalents at beginning of the year	19b	10,983	10,219
Cash and cash equivalents at end of the year	19b	9,275	10,983

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES

General information

Bradford College is a corporation established under the Further and Higher Education Act 1992 as an English general College of further education. The address of the College's principal place of business is Bradford College, Great Horton Road, Bradford, West Yorkshire, BD7 1AY.

Basis of accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (the F & HE SORP 2019) the College Accounts Direction for 2021 to 2022, and the Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

During 2020/21 the trade and assets of the College's subsidiary companies were transferred to the College via a group reorganisation. The College was eligible to apply merger accounting in accordance with Section 19 of FRS 102 and F & HE SORP 2019. As at the 31 July 2022 shareholdings in each of the subsidiary companies have been dissolved.

These financial statements represent the College only.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1 ACCOUNTING POLICIES (CONTINUED)

Going concern

The College has loans of £18.7 million, the loan repayments schedule is set out in note 17 of these financial statements. Included within these loans is a £2m interest only loan repayable in full during 2023, in accordance with the Fresh Start restructure agreement. In August 2022, the College sold its Old Building for £1.5m. These sale proceeds were used to reduce this loan by this amount.

The College annually produces a three-year financial plan that is approved by Corporation and submitted to the ESFA. The plan approved in July 2022, includes a budget and cashflow position to July 2024 which demonstrates a strong cash management and improving underlying financial performance through a rising EBITDA above the FE Commissioner's bench mark from increased income and robust control of costs. This will provide future financial health scores of Good and demonstrates a clear flight path to covenant compliance all which has been shared with the bank. As part of this three-year financial plan, monthly forecasts and cashflows to 31 July 2024 were prepared and assessed for covenant compliance for this period, with a high level annual budget for 2025 prepared.

The College had four covenant breaches in 2021/22 for the periods of October 2021, January 2022, and April 2022 and July 2022. Further breaches of the bank covenant have been forecast for January, April and July 2023 and at three of the covenant test periods during the 31 July 2024 financial year. The bank continues to be supportive of the College, granting waivers for the breaches in 2021/22, and the loan therefore not becoming immediately repayable. The bank, however, are unable to provide waivers so far in advance but have indicated that the waivers are likely to be awarded for covenant test periods during the 31 July 2023 and 2024 financial years. The College and the bank are not looking to reset the Covenants as a plan has been agreed that demonstrates a path to full covenant compliance by July 2024. The College's annual business planning and performance cycle deliver a sustainable College going forward. Therefore, on this basis, the Governors have reasonable expectation of the bank's continued support, despite this not being formally agreed.

The College financial forecasts to July 2024 show that increases in income will be controlled with strong cost control to ensure that staff costs % of income KPI remains within target. This, along with good current and forecast cash levels, together with continued support from the bank, provides assurance that the College continues to be a going concern. On this basis, the Governors are satisfied that the College remains a going concern and therefore adopt the going concern basis of accounting, whilst being mindful that the inability for the College to meet the bank covenants during 2022/23 and in 2023/24 (which will be closely monitored) does give rise to a material uncertainty, that may cast significant doubt on the College's ability to continue as a going concern.

The College is aware of the wider economic pressures of inflation and the increasing energy costs. In January 2022 the College secured a three-year fixed rate contract for gas and electricity, that came into effect from April 2022, however this still result in a significant increase in costs, which are budgeted to be £0.4m higher in 22/23 than in 21/22. With regards to wider inflationary pressure the College monitors its costs robustly through the quarterly performance review cycle.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES (CONTINUED)

Recognition of income

Grants – government and non-government

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

Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the College and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

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

The recurrent grant from Office for Students represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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

Government capital grants for assets are accounted for under the performance model. The grant income received or receivable is recognised in full in profit or loss in the year in which the performance criteria related to the grant are met. Where the performance criteria relating to the grant are not met in the year in which the grant is received, the grant is not recognised in profit or loss.

Tuitions fee Income

Invoices are raised against courses where a fee is due from the student and recognised in the accounts in the year of study. The student applies where applicable for student finance or advanced learner loan to cover the fees. The fee invoice will be cleared by the Student Loan Company on behalf of the student or the student themselves as applicable.

Workbased Learning Fees

ESFA funding from the Adult Education Budget to support learning in the workplace combined with learning in the classroom. Income is recognised in the period of study.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES (CONTINUED)

Educational Contracts

Other educational contracts awarded to the College, funded by public and/or private sector partners. Income is recognised in line with stage of completion of the contract.

Apprenticeship Income

Fees received through the ESFA and recognised in the period of study. The retention fee of 20% is recognised when received.

Other income

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

Income from tuition fees is recognised over the period for which it is received.

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

Restructuring Costs

The cost of redundancy is calculated either in accordance with contractual terms or statutory provisions and a cost is recognised when the College has a detailed formal plan for restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring. The relevant statutory provisions are based on the employee's age, length of continuous employment and either the statutory figure or actual weekly pay. Considerations will be given to the relevant provisions of the Local Government and Teacher's Pension Schemes.

Retirement benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, where the amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES (CONTINUED)

Short term Employment benefits

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

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 comprehensive income in the year that the member of staff retires. In subsequent years the provision is re-measured, and a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the Association of Colleges.

Fixed asset investments

College

Interests in jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

Interests in jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

Jointly controlled entities

Entities in which the College has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method. The investment is initially measured at cost and subsequently adjusted to reflect the College's share of the profit or loss and equity.

Other investments and endowment assets

Listed investments or endowment assets are stated at fair value through the profit or loss. Investments comprising unquoted equity instruments whose fair values cannot be measured reliably are measured at cost less impairment. The income from the sale of investments is recognised as the sale is completed and any profit arising disclosed in the Statement of Comprehensive Income.

Tangible fixed assets

Tangible fixed assets are stated at cost or where inherited at deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are stated at cost, or deemed cost, for land held at valuation at the date of transition to FRS102 less accumulated impairment losses. Any impairment will be taken into the Income and Expenditure account at this point. Any loss or surplus as a result of the sale of a current asset will be taken into the Income and Expenditure account at the point of sale.

1. ACCOUNTING POLICIES (CONTINUED)

Equipment

Equipment costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the year of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

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

- | | |
|--------------------------------|---------------------------------------|
| • Freehold buildings | - between 10 and 50 years |
| • Major adoptions to buildings | - 25 years |
| • Furniture and equipment | - 20% per year – Straight Line Method |
| • Motor vehicles | - 25% per year – Straight Line Method |
| • Fixtures and fittings | - 10% per year – Straight Line Method |
| • Computer equipment | - 25% per year – Straight Line Method |

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

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

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES (CONTINUED)

Leased assets

Finance leased assets

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

Assets held under finance leases are recognised initially at the fair value of the leased asset or, if lower, the present value of minimum lease payments as determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset and assessed for impairment losses in the same way as owned assets.

Operating leases

All leases are operating leases and annual rents are charged to comprehensive income on a straight-line basis over the lease term.

Financial Instruments

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

Financial assets and liabilities

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

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

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

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

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

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

Provisions and contingent liabilities

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

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

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

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

Unrestricted reserves

Income and expenditure reserve

Cumulative surplus/deficit generated by the College.

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

Agency arrangements

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

1. ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION OF UNCERTAINTY

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

Critical areas of judgement

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

- In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the College as lessee.

Critical accounting estimates and assumptions:

- **Tangible fixed assets**
Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, maintenance programmes, economic utilisation and physical condition of the assets are considered. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.
 - **West Yorkshire Pension Fund**
The present value of the West Yorkshire Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
 - **Impairment of fixed assets**
The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. There was no indication of impairment in current year.
- Recoverability of trade and other debtors
- The College makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile and historical experience of the customer.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

2. FUNDING BODY GRANTS

Detail of grant income:	2022	2021
	£'000	£'000
Recurrent Grants		
Education and Skills Funding Agency - Adult	1,054	7,200
West Yorkshire Combined Authority - Adult	7,103	-
Education and Skills Funding Agency – 16-18	19,017	20,215
Apprenticeship contracts	4,327	3,194
Office for Students	117	115
Specific Grants		
Teachers' Pension Scheme contribution grant	786	976
Office for Students revenue grants	623	767
DfE grants	74	153
FECA grant	-	1,507
ESFA grant Income	51	213
Total	33,152	34,339

The Education and Skills Funding Agency (non-recurrent grant) – Adult funding includes in Community Learning funds of £881k for 2022 (2021: £956k).

In the previous financial year, the College received funding from the ESFA in respect of the Further Education Capital Allocation (FECA). In accordance with the College's accounting policies, the funding received for the FECA grant has been accounted for under the performance model as the performance criteria related to the grant was met.

3. TUITION FEES AND EDUCATION CONTRACTS

Details of fee income:	2022	2021
	£'000	£'000
Tuition Fees		
UK higher education students	7,656	9,310
UK and EU further education students	1078	1,649
Education contracts	1,577	502
Total	10,311	11,461

Details of grant and fee income

	Year ended 31 July 2022	Year ended 31 July 2021
	£000	£000
Grant income from the Office for Students	740	882
Grant income from other bodies	32,412	33,457
Fees income for taught awards (exclusive of VAT)	10,311	11,461
Fee income for research awards (exclusive of VAT)	-	-
Fee income for non-qualifying courses	-	-
Total grant and fee income	43,463	45,800

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

4. OTHER GRANTS AND CONTRACTS

	2022	2021
	£'000	£'000
Other grants and contracts	1,288	1,046
UK-based charities	35	2
	1,323	1,048

5. OTHER INCOME

	2022	2021
	£'000	£'000
Other income generating activities	118	55
Miscellaneous income	586	174
Coronavirus Job Retention Scheme grant	-	58
Total	704	287

In 2020/21 the corporation applied to the furlough scheme for invigilators and some Training for Bradford staff, under the government's Coronavirus Job Retention Scheme. The funding received of £58k relates to staff costs which are included within the staff costs note as appropriate. The funding received covered costs of £58k.

6. INVESTMENT INCOME

	2022	2021
	£'000	£'000
Other interest receivable	3	-
Total	3	-

7. DONATIONS

	2022	2021
	£'000	£'000
Donations received	139	186
Total	139	186

The above donations relate to fixtures, computers and equipment gifted to the College with a fair value of £139k, which have been charged to the Statement of Comprehensive Income.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION

The average number of persons (including key management personnel) employed by the College during the year, expressed as an average by head count, was:

	2022	2021
	No.	No.
Teaching staff	660	618
Non-teaching staff	246	246
Total	906	864

The comparatives in 2021 have been restated to ensure that the classification matches previous ESFA guidance on coding of teaching and non teaching staff.

Staff costs for the above persons

	2022	2021
	£'000	£'000
Wages and salaries	22,425	21,511
Social security costs	2,169	1,983
Other pension costs	7,242	6,783
Payroll sub-total	31,836	30,277
Contracted out staffing services	-	-
	31,836	30,277
Restructuring costs - Contractual	230	196
Restructuring costs – Non-Contractual	332	135
Total staff costs	32,398	30,608

Restructuring costs are as approved at Corporation.

Salary sacrifice schemes in operation during 2021/22 include childcare voucher scheme and cycle to work scheme.

Key management personnel compensation

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 Executive Team, which comprised the Chief Executive Officer, Vice Principal – Finance and Corporate Services, Vice Principal – Quality and Teaching Experience, Vice Principal – EDI and Student Experience, Vice Principal – Data Funding, Vice Principal – Curriculum and the Director of People Services.

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

	2022	2021
	No.	No.
The number of key management personnel including Accounting Officer	7	5

8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

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

	Key management personnel		Other staff	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	-	2	3
£65,001 to £70,000 p.a.	-	-	2	1
£70,001 to £75,000 p.a.	-	-	1	1
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	-	2	-
£85,001 to £90,000 p.a.	-	1	-	-
£90,001 to £95,000 p.a.	2	-	-	-
£95,001 to £100,000 p.a.	-	1	-	-
£100,001 to £105,000 p.a.	2	1	-	-
£105,001 to £110,000 p.a.	1	-	-	-
£110,001 to £115,000 p.a.	1	-	1	-
£115,001 to £120,000 p.a.	-	1	-	-
£160,001 to £165,000 p.a.	1	1	-	-
Total	7	5	8	5

All key personnel during the year 2021/22 were full time, where key personnel are part-time these are grossed up to full time equivalent and staff on maternity, paternity or sickness are expressed at their usual rate of pay.

Key management personnel (Including the Accounting Officer) total compensation is made up as follows:

	2022 £'000	2021 £'000
Salaries – gross of salary sacrifice	612	658
Benefits in kind	-	-
Employers National insurance	83	84
	695	742
Employers pension contributions	122	127
Total Emoluments	817	869

8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

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

	2022	2021
	£'000	£'000
Salaries – gross of salary sacrifice	165	165
Benefits in kind	-	-
	165	165
Employers pension contributions	39	39
Total Emoluments	204	204
Relationship of Chief Executive Officer pay and remuneration expressed as a multiple:	2022	2021
CEO's basic salary as a multiple of the median of all staff	4.97	4.90
CEO's total remuneration as a multiple of the median of all staff	5.18	5.30

C Webb held office of the Chief Executive Officer for the full year of 2021/22.

The multiple is expressed against employee full time equivalent hours:

The remuneration package of Key management staff, including Chief Executive Officer, is subject to annual review by the Remuneration Committee of the Corporation, who set the appropriate remuneration in line with AoC's Senior Staff Remuneration Code in July 2019, based on effectiveness of the senior post holders. The Committee terms of reference are tasked with avoiding rewarding poor performance. Benchmarking information is referenced to provide objective guidance.

Senior Postholders report to the Chair of Board, who undertakes an annual review of their performance against the college's overall objectives using both qualitative and quantitative measures of performance.

There were no severance payments made during the year that required approval by the College's Remuneration Committee. All redundancy payments were due to restructure.

The Chief Executive Officer's basic salary is 4.97 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the College to its staff.

The College's operating context and performance in 2021/22 are described in detail elsewhere in these financial statements. The Chief Executive Officer's remuneration is set in the context of a college with a turnover of £45.6m with operating deficit of £6.4m before other gains and losses. The College operates in an increasingly competitive student recruitment environment, linked to demographic factors and changes in government policy. Major risks include rising competition in the local area, financial sustainability and rising pension costs. In 2021/22 the College was impacted by the Covid-19 pandemic and a recovery programme to strengthen academic and financial sustainability is being formulated. There are significant challenges in both the FE and HE sectors in England in the year ahead.

Compensation for loss of office paid to former key management personnel

	2022	2021
	£	£
Compensation paid to the former post-holder	47,049	-
Estimated value of other benefits, including provisions for pension benefits	-	-

The severance payment did not require approval by the College's Remuneration Committee.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

8. STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

Governors' remuneration

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

During the year 3 governors (2021: nil) were paid total expenses of £2,208 (2021: £nil) in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

9. OTHER OPERATING EXPENSES

	2022	2021
	£'000	£'000
Teaching costs	3,720	3,354
Non-teaching costs	6,143	6,414
Premises costs	5,063	4,849
Total	14,926	14,617

	2022	2021
	£'000	£'000
Deficit before tax after charging/(crediting):		
External auditors' remuneration (excluding VAT):		
Financial statements audit	64	53
Other services provided by the financial statement's auditors:		
Assurance services	3	11
Other services	20	9
Internal auditors' remuneration:		
Internal audit work	43	51
Other services provided by the internal auditor	8	5
ESFA cash sweep	-	125
Operating lease rentals	295	287

	2022	2021
	£'000	£'000
Access and participation expenditure	193	418
Access Investment	115	55
Financial support provided to students	-	308
Support for disabled students *	10	2
Research and evaluation related to access and participation	318	783
Total	318	783

* Funding information no longer provided by OfS.

The College's access and participation plan is available on the College's website at <https://www.bradfordcollege.ac.uk/wp-content/uploads/2022/03/Access-and-Participation-Plan-2020-21-to-2024-25.pdf>

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

10. INTEREST AND OTHER FINANCE COSTS

	2022	2021
	£'000	£'000
Bank loans, overdrafts and other loans	647	624
Finance leases	24	16
Net interest on defined pension liability (note 24)	792	862
Total	1,463	1,502

11. TAXATION

The Corporation does not believe the College was liable for any corporation tax arising from its activities during either period.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

12. TANGIBLE ASSETS

	Land and buildings	Fixtures, Computers & Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2021	97,840	15,939	113,779
Additions	11	1,276	1,287
Previous year VAT adjustment	50	-	50
Disposals	-	-	-
At 31 July 2022	97,901	17,215	115,116
Accumulated Depreciation and Impairment			
At 1 August 2021	23,230	12,058	35,288
Charge for the year	1,921	1,372	3,293
Disposals	-	-	-
At 31 July 2022	25,151	13,430	38,581
Carrying amount			
At 31 July 2022	72,750	3,785	76,535
At 31 July 2021	74,610	3,881	78,491

The net book value of Land and Buildings includes an amount of £250,000 (2021 £250,000) in respect of an asset held under finance lease. The depreciation charge on the asset for the year was £nil (2021: £nil).

If inherited land and buildings had not been valued, before deemed being at cost on transition to FRS 102, they would have been included at the following amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

13. NON-CURRENT INVESTMENTS

	2022 £'000	2021 £'000
Other non-current asset investments	126	127
Total	126	127

	Other £'000	Total £'000
Cost or valuation		
At 1 August 2021	127	127
Other movements	-	-
At 31 July 2022	127	127
Provisions for impairment		
At 1 August 2021	-	-
Impairment losses	1	-
At 31 July 2022	1	-
Carrying amount		
At 31 July 2022	126	127
At 31 July 2021	127	127

The College's joint venture undertakings are:

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of Business
Inprint and Design Bradford District	Limited	50%	Printing
Apprenticeship Training Limited	Limited by Guarantee	50%	Apprenticeship Training

14. DEBTORS AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	522	627
Prepayments and accrued income	1,039	1,176
Amounts owed by the ESFA	703	216
Total	2,264	2,019

Trade receivables are stated net of a bad debt provision of £154,000 (2021: £284,000).

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Bank loans	2,775	900
Obligations under finance leases	20	31
Trade creditors	785	1,059
Joint venture undertakings	19	33
Taxation and social security	595	497
Accruals and deferred income	3,557	3,619
Deferred income government revenue grants	325	261
Amounts owed to the ESFA	1,825	1,719
Total	9,901	8,119

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£'000	£'000
Bank loans	15,975	18,750
Obligations under finance leases	328	271
Total	16,303	19,021

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

17. BORROWINGS

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2022	2021
	£'000	£'000
In one year or less	2,775	900
Between one and two years	1,800	3,675
Between two and five years	2,700	2,700
In five years or more	11,475	12,375
Total	18,750	19,650

(b) Finance leases

Total future minimum lease payments are repayable as follows:

	2022	2021
	£'000	£'000
In one year or less	20	31
Between one and two years	43	63
Between two and five years	73	94
In five years or more	212	114
Total	348	302

The new facility in 2019 comprised of a) a £2m interest only loan repayable in full at the end of 4 years unless repaid from the proceeds of disposal of surplus properties, b) an £11.7m loan repayable over 15 years with a capital holiday for the first two years, and c) a final payment of £6.3m at the end of the 15-year term of the £11.7m loan.

The balance of £11.7m is subject to a fixed rate interest charge of 3.784% per annum. All other loan balances are at a variable rate linked to Bank of England Base Rate.

In March 2019, the College signed a contract with Bradford Council to lease the Alexandra Car Park, Great Horton Road. The lease agreement consisted of:

- One peppercorn rent per annum from 15 June 2015 to 14th June 2021
- Rent of £31,400 per annum from 15 June 2021 to 14th June 2034
- Rent of £31,212 for the final year from 15 June 2034 to 14th June 2035

Purchase Price 15 June 2035 £1.00. With interest charged at 4% above NatWest base rate.

There is a financial condition set out in the agreement for the covenants to be tested quarterly for the following-Cash flow Cover, Projected Cash flow Cover, Total Gross Debt to EBITDA, Total Gross Debt to Total Revenue, Total Gross Debt to Net Assets, Capital Expenditure, Finance Leases and a Minimum Cash Balance.

The following charges on property exist within the College: The Secretary of State for Education 29th July 2019 Property: 39 and 41 Chapel Street, Bradford: Lloyds Bank Plc Date: 29th May 2019 Property: 39 and 41 Chapel Street, Bradford.

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

18. PROVISIONS FOR LIABILITIES

	Defined benefit obligations (note 24) £'000	Enhanced pensions £'000	Total £'000
At 1 August 2021	47,282	303	47,585
Amounts utilised in the year	(1,529)	(22)	(1,551)
Recognised in total comprehensive income	(42,237)	(26)	(42,263)
At 31 July 2022	3,516	255	3,771

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24.

The enhanced pension provision relates to the cost of staff that have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to comprehensive income in the year that the member of staff retires. In subsequent years the provision will be re-measured, and a charge made to provisions in the balance sheet. The provision has been calculated in accordance with guidance issued by the funding bodies. The principal assumptions in this calculation are:

	2022	2021
Price inflation	2.60%	2.60%
Discount rate	3.50%	1.70%

BRADFORD COLLEGE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022****19. (a) NOTES TO THE STATEMENT OF CASH FLOWS**

	2022 £'000	2021 £'000
Cash flow from operating activities		
(Deficit)/Surplus after tax for the year	(6,448)	(2,485)
Depreciation	3,293	3,079
Decrease in other provisions	(48)	(11)
Pension costs less contributions payable	3,194	2,929
Investment income	(3)	-
Interest payable	1,463	1,502
Transfer of trade and assets of subsidiary undertakings	-	(129)
Net cash flow from operating activities	1,451	4,885
Decrease in stocks	26	149
Increase in debtors	(245)	(288)
Increase/ (Decrease) in creditors	(93)	98
Cash generated from operations	1,139	4,844

19. (b) ANALYSIS OF CHANGE IN NET DEBT

	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	10,983	(1,708)	-	9,275
	10,983	(1,708)	-	9,275
Loans falling due within one year	(900)	(975)	(900)	(2,775)
Loans falling due after more than one year	(18,750)	1,875	900	(15,975)
Finance lease obligations	(302)	20	(66)	(348)
Total	(8,969)	(788)	(66)	(9,823)

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

20. CAPITAL COMMITMENTS

As at 31 July 2022 the College had no capital commitments (2021: £27,127).

21. LEASE OBLIGATIONS

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

	2022 £'000	2021 £'000
Payment due		
Not later than one year	239	305
Later than one year and not later than five years	152	381
Later than five years	-	-
Total lease payments due	391	686

22. CONTINGENCIES

The College has no contingent liabilities to report.

23. EVENTS AFTER THE REPORTING PERIOD

On 7th August 2022, the College sold the Old Building for £1,525,000, and subsequently used the proceeds to repay part of a bank loan.

On 9th August 2022 the College joint venture, Bradford District Apprenticeship Training Agency was dissolved. At the end of the reporting period the company held reserves amounting to £nil.

On the 29th November following the ONS review, Further Education Colleges were reclassified as public sector. This came into immediate effect, with implications for future borrowing or refinancing, however this will not impact upon the College in the medium term. In addition, the College will now need to reference the Managing Public Money document (MPM), though full transition and implementation of this is being worked on by the DFE. Therefore, the executive are in regular dialogue with the ESFA, Bank and FE commissioner's team to keep the governors abreast of the situation and respond to guidance as it is released.

24. DEFINED BENEFIT OBLIGATIONS

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

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

	2022		2021	
	£'000	£'000	£'000	£'000
Total pension cost for the year				
Teachers' pension scheme contributions paid		2,526		2,438
Defined contribution		19		25
West Yorkshire Pension Fund:				
Current Service Costs:				
Contributions paid	1,529		1,380	
FRS102 (28) charge	3,183		2,828	
Past Service Costs	11		-	
Curtailment costs	-		101	
Charge to the Statement of Comprehensive income		4,723		4,309
Enhanced pension charge/(credit) to Statement of Comprehensive income		(26)		11
Total Pension Cost for year within staff costs		7,242		6,783

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by the employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is account for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanism at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the national investments held at the valuation date) of £196 billion.
- Notional past service deficit of £22 billion.
- Discount rate of 2.4% in excess of CPI.

24 DEFINED BENEFITS OBLIGATIONS (CONTINUED)

Teachers' Pension Scheme (continued)

As a result of the valuation, new employer contributions rates were set at 23.68% of pensionable pay from September 2020 onwards (compared with 16.48% during 2020/21). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional cost during the 2020/21 and 2021/22 academic years and currently through to July 2023.

The next valuation result is due to be implemented from 1 April 2024.

The pension costs paid to TPS in the year amounted to £2,525,662 (2021: £2,438,342).

The amount of £290,533 was outstanding at the end of July 2022.

Local Government Pension Scheme

The WYPF is a funded defined-benefit plan, with the assets held in separate funds administered by West Yorkshire Pension Fund. The total contributions made for the year ended 31 July 2022 were £2,067,000 (2021 - £1,879,000) of which employer's contributions totalled £1,509,000 (2021 - £1,380,000) and employees' contributions totalled £558,000. (2021 - £499,000). The amount of £179,248 was outstanding at the end of July 2022. The agreed contribution rates until 31st March 2021 are 16.4% for employers and range from 5.5% to 12.5% for employees, depending on salary. The proposed contribution rate for employer's increases as follows, following the draft actuarial valuation results as at 31st March 2019:

17% from 1st April 2021.

18% from 1st April 2022.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.85%	3.85%
Future pensions increase	2.60%	2.60%
Discount rate	3.50%	1.70%
Inflation assumption (CPI)	2.60%*	2.60%
Commutation of pensions to lump sums	-	0%

*CPI includes current CPI experiences of 9.9%

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

	At 31 July 2022	At 31 July 2021
<i>Retiring today</i>		
Males	21.8	21.9
Females	24.6	24.7
<i>Retiring in 20 years</i>		
Males	22.5	22.6
Females	25.7	25.8

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

24 DEFINED BENEFITS OBLIGATIONS (CONTINUED)

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

	Fair Value at 31 July 2022 £'000	Fair value at 31 July 2021 £'000
Equity instruments	88,346	86,336
Property	4,456	3,988
Government Bonds	7,687	8,623
Corporate Bonds	4,790	4,743
Cash	4,456	2,479
Other	1,671	1,617
Total fair value of plan assets	111,406	107,786
Actual return on plan assets	5,200	16,788

Amounts charged/ (credited) to the Statement of Comprehensive Income in respect of the plan are as follows:

	2022 £'000	2021 £'000
Amounts included in staff costs:		
Current service cost	4,712	4,208
Past service cost	11	-
Curtailment costs	-	101
Total	4,723	4,309
Interest and other finance costs:		
Net interest expense	792	862
Total	792	862
Amount recognised in other comprehensive income:		
Return on pension plan assets	3,381	15,501
Actuarial gains	44,371	3,202
Amount recognised in other comprehensive income	47,752	18,703

Changes in the present value of defined benefit obligations	2022 £'000	2021 £'000
Defined benefit obligations at start of year		
Liabilities at start of the year	155,068	154,968
Current service cost	4,712	4,208
Interest cost	2,611	2,149
Contributions by scheme participants	557	499
Actuarial (gains)	(44,371)	(3,202)
Benefits paid	(3,666)	(3,655)
Curtailment costs	-	101
Past service cost	11	-
Defined benefit obligations at end of year	114,922	155,068

BRADFORD COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

24 DEFINED BENEFITS OBLIGATIONS (CONTINUED)

Changes in fair value of plan assets	2022	2021
	£'000	£'000
Fair value of plan assets at start of year	107,786	92,774
Interest income	1,819	1,287
Return on plan assets (excluding net interest on the net defined benefit liability)	3,381	15,501
Employer contributions	1,529	1,380
Contributions by scheme participants	557	499
Benefits paid	(3,666)	(3,655)
Fair value of plan assets at end of year	111,406	107,786
Deficit of plan obligations net of plan	18 3,516	47,282

Asset returns over the period are better than expected. This has led to a gain on assets over the accounting period and an improvement in the balance sheet position before allowance for the 2019 Valuation.

There are been a change in the assumptions over the period, the discount rate has reduced by 1.80%. This has resulted in a more positive balance sheet position. The impact of the change is recognised in Other Comprehensive Income.

There has been a charge to the post-retirement mortality assumptions as this accounting date allow for the effect of Covid-19 on the future development of mortality rates. This has had a positive effect on the balance sheet position equivalent to around 1% of the defined benefit obligation.

25 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management compensation disclosure is given in note 8.

No Governor has received any remuneration or waived payments from the College during the year (2021: None).

Inprint & Design Limited (company number 4229897)

Inprint & Design Limited is a private limited company in which the College holds 50% of the issued share capital, the remaining 50% being held by the University of Bradford. Dr Sarah Cooper is a director of Inprint & Design Limited from the 19th November 2021. Purchase transactions with Inprint & Design Limited in the year amounted to £517,538 (2020/21: £283,129) with £50,541 outstanding at the year-end (2020/21: £81,543). Sales transactions with Inprint & Design Limited in the year amounted to £267,497 (2020/21: £166,990) with a balance of £31,517 outstanding at the year-end (2020/21: £48,676). A gift aid value of £nil (2020/21 nil) gifted to Bradford College for the accounting period.

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE
CORPORATION OF BRADFORD COLLEGE AND THE SECRETARY OF STATE FOR
EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY
(CONTINUED)**

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

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

Use of our report

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

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
First Floor
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Date 19/12/2022

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF BRADFORD COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 29 October 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Bradford College during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Responsibilities of Corporation of Bradford College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.