

Richard Huish College

Members' report and financial statements

For the period 1 August 2020 to 1 October 2021

Members' report and financial statements

Contents

Professional advisers	3
Members' Report	4
Statement of Corporate Governance and Internal Control	19
Independent Auditor's report to The Corporation of Richard Huish College	28
Independent reporting Accountant's Report on Regularity	32
Statement of Comprehensive Income	34
Statement of changes in reserves	35
Balance sheet	36
Statement of Cash Flows	37
Notes to the accounts	38

Professional advisers

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Members' Report

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the period 1 August 2020 to 1 October 2021. These financial statements represent 14 months of activity.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Richard Huish College. The College is an exempt charity for the purposes of the Charities Act 2011. For the purposes of this document, the Richard Huish College Corporation will be referred to as 'the Corporation'. Richard Huish College will be referred to as 'the College' or 'Huish'. At its December 2020 meeting the Corporation decided to pursue academy status. Our submission was approved in June 2021. On the 1st October 2021 the College became an academy and joined the Multi Academy Trust for which it had previously been sponsor, Richard Huish Trust. Consequently, the college's independent legal status was relinquished on that date.

Strategic Vision

Our strategic vision, reviewed by the Corporation on an annual basis, is:

"To provide exceptional education and training through the delivery of a holistic academic and vocational curriculum"

The Huish Corporation, Foundation Trustees, Directors of Richard Huish Trust, the Multi-Academy Trust (MAT) sponsored by Huish, and Academy Representatives agreed on a shared vision in 2018/19. Our combined vision is: -

"Delivering Exceptional Education"

Public Benefit

Richard Huish College (Huish) is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 21.

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

In delivering its mission, Huish provides identifiable public benefits through the advancement of education to 1883 16-19 Study Programme students, including 8 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. Huish refines its curriculum offer to meet the needs of local employers and provides training to 255 apprentices, 69 Adult Education Budget Learners, 62 Full Cost and 51 International learners. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

Implementation of our strategic plan

Our College development has seven strategic drivers that underpin the delivery of our vision, these are detailed below: -

- Maintain and seek further improvements in student outcomes and progression through highly effective teaching, learning and pastoral care.
- Maintain and further improve the range and quality of enrichment activities.

Members' report *(continued)*

Implementation of our strategic plan *(continued)*

- Further develop formal and informal partnership working through our links with other organisations, both in the Huish group and the local and wider community.
- Develop current or new income streams and grow our total number of international students and apprentices.
- Seek further financial efficiencies and cost savings.
- Retain and grow our local, regional and national reputation as a highly effective and forward-thinking educational organisation.
- Further improve the quality of the College's campus and facilities.

The values which underpin our strategic vision support the strategic drivers and dictate our behaviour are:

- **students are at the centre of everything we do** – all decisions are considered in relation to the impact on students,
- **we are determined and rigorous in our pursuit of educational excellence** – we are individually and collectively committed to making improvements for the benefit of students,
- **we strive to add value** and are committed to supporting all members of the College community to achieve beyond what might be expected,
- **we have a culture that cares for the individual and promotes inclusivity, equality and mutual respect** – specialist support is available for all and diversity is embraced,
- **honesty and integrity are central to our work** – we are committed to being open and trusting,
- **we work collaboratively and constructively as a team to best serve the local and wider community** – all stakeholders work together positively and professionally.

The Corporation regularly reviews its position to ensure that strategic drivers and values are being achieved and that appropriate action is being taken to improve performance if strategic objectives/drivers are not being met. To that end a seventh value is being considered that reflects the importance of the College, its students and staff recognising the impact we all have on our environment. Our seventh value will be: -

"We consider the environmental impact of our activities and actively seek more sustainable solutions – through our behaviour and decisions we are committed to reducing our environmental impact"

Performance indicators

The Corporation monitors the performance of the College through a range of measures and indicators, these include:

- success rates,
- Value Added,
- learner destinations,
- the quality of teaching and learning,
- satisfaction surveys,
- stakeholder feedback, and
- benchmarking performance against local, regional and national competitors.

College financial performance is monitored through completion of the annual Finance Record for the Education and Skills Funding Agency (ESFA).

Financial objectives

To deliver our vision, we recognise that our financial performance must remain sound. To achieve this, we must:

- progress our financial strategy so that we can protect our college from reasonably foreseeable changes in the local, regional and national context,
- generate sufficient income to drive continuous improvement of our teaching and learning and overall student experience in accordance with the strategic drivers detailed above.

Performance indicators have been agreed to monitor the successful implementation of financial objectives and to at least maintain our ESFA financial health category of good. The Corporation and College management team continue to strengthen and develop risk management arrangements that underpin organisational improvement, the achievement of financial performance targets and to maintain regulatory compliance.

Members' report (continued)

Financial objectives (continued)

Ordinarily we would prepare financial statements up to the 31 July of each year. As a direct result of the College choosing to academise, these financial statements represent a 14-month trading period to the 1 October 2021. Performance against the financial targets for the 12-month period ended 31 July 2021 is detailed below. Where relevant, we have included the performance for the 14-month period.

Richard Huish College Financial Key Performance Indicators 2020/21				
Measure	2019/20 achieved	2020/21 12 mths Target	2020/21 12 mths Achieved	2020/21 14 mths Achieved
Adjusted EBITDA as a percentage of income (Pre FRS102)	5.14%	4.89%	6.40%	6.02%
Adjusted Surplus/deficit as a percentage of income (Pre FRS102)	0.30%	0.21%	1.77%	1.38%
Adjusted current ratio (Pre FRS102)	1.10:1	1.05:1	1.06:1	1.06:1
Cash in hand days	66	48	68	94
Total borrowing as a percentage of adjusted income (net of deferred capital grants)	13.79%	10.80%	11.06%	
Debtor days	97	65	60	44
Creditor days	33	33	56	44
Staff costs to adjusted income (net of deferred capital grants)	74.62%	74.03%	74.56%	74.70%
Maintain college financial performance within banking covenants	Achieved	Achieved	Achieved	Achieved
Secure funding to refurbish external cladding of Redwood building	Achieved	Achieved	Achieved	Achieved

Pre FRS102 refers to adjustments made in respect of the local government defined pension benefit scheme and the treatment of deferred capital grants.

Huish has achieved a positive set of financial performance results. Our improved revenue surplus has contributed to improvements in our current ratio and cash in hand measures. Although our borrowings to income percentage is slightly higher than target (down to reduced income) it remains relatively low. Debtor days at period 12 are inflated by International student invoicing for fees that do not fall due until September, the 14-month measure shows the impact of students paying fees, in turn impacting on the increased cash in hand measure at September 2021. Our staff costs to income measure was slightly higher than target but still within an acceptable performance range.

FINANCIAL POSITION

Financial results

All numbers quoted are prepared under the FE/HE SORP and FRS102. The performance figures for 2020/21 quoted below represent 14 months of trading, 2019/20 comparators are for the previous 12 months. The key features of our financial results were:

- An operating deficit of £1,002K (2019/20 deficit £587K). This result is after charges relating to LGPS pension service costs of £977K (2019/20 £476K) and LGPS interest charges of £183K (2019/20 £141K). Our underlying financial performance, excluding LGPS charges was a surplus of £168K (2019/20 surplus £30K).
- An adjusted current ratio of 1.06:1 (2019/20 1.10:1).

Members' report (continued)

Financial results (continued)

- Accumulated negative reserves of £5,426K (2019/20 negative £5,351K) Our reserves position is materially adversely impacted by the Actuary's valuation of our Local Government Pension Scheme. The latest actuarial valuation resulted in an overall increased liability of £243K (2019/20 £4,665K increased liability).
- Cash/cash equivalent balances of £2,713K (2019/20 £1,817K). The cash position is significantly inflated in August and September by the payment of International student fees and the profile of ESFA 16-18 grant.
- Tangible fixed asset additions, including assets in the course of construction, during the year amounted to £722K (2019/20 £783K).

We rely on the Education Skills Funding Agency (ESFA) as our principal source of income, funding our 16-18 study programmes. For the 2020/21 academic year (to 31 July 2021) we received £7,860K (2019/20 £7,175K) from the ESFA (£9,230K for the 14-month period). We have £684K (2019/20 £904K) of additional ESFA funded activity (£778K for the period), of which £607K was for the delivery of apprenticeships.

Income from International student recruitment for the academic year 2020/21 yielded £442K (2019/20 £446K).

Employer costs related to National Insurance and pension contributions (net of FRS102 charges arising from the valuation of the LGPS) were £2,075K (2019/20 £1,651K). Salary costs were £6,996K (2019/20 £5,845K).

Huish Education Services

In July 2020 Huish Educational Services Ltd was formed as a subsidiary 100% owned by the College initially to supply Catering services to the College. In August 2021 these services were increased to cover the Taunton Academy. This first trading period (14 months, August 2020 – September 2021) resulted in a small loss. The results of the company have not been consolidated in the College's financial statements due to immateriality. Trading between the College and HES Ltd, is reported under Note 21 Related party transaction.

Impact of the Covid-19 pandemic on our financial performance

From September 2020 Huish returned to face-to-face teaching. To facilitate this, we amended our delivery timetable to reduce the number of students on campus at any one time and, to minimise movements between lessons, we taught lessons in the same subjects for a whole morning or whole afternoon. This approach was underpinned by rigorous recording of positive cases with classes being switched to remote learning where a positive case was notified. We continued to offer a student enrichment programme although this was much reduced, particularly in sport where we followed Governing Body instruction. Generally, students welcomed the return to classroom teaching.

The pandemic has, unfortunately, continued to disrupt our apprenticeship delivery. A good number of apprentices continued with their breaks in learning during the year only returning to their studies towards the end of the year. Sadly, because of ongoing work commitments and the length of time some candidates have been on a break, we are starting to see withdrawals from this cohort.

Our International student numbers were less than planned but not sufficiently so that the reduced income had a material impact on our financial performance.

As with the previous year, we have seen savings across several pay and non-pay related cost lines – more than offsetting the impact of lost income.

Treasury policies and objectives

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

Huish has a policy for management of funds. Short-term borrowing for temporary revenue purposes is authorised by the CEO as Accounting Officer. All other borrowing requires the authorisation of the Corporation and complies with the requirements of the ESFA as revised from 1 April 2016.

Members' report (continued)

Financial results (continued)

Cash flows

At £2,359K (2019/20 £1,043K), operating cash flow remains positive. The net cash inflow of £896K (2019/20 outflow of £7K) reflects the impact of international student fees being paid in August and September together with the front-loaded ESFA grants payment profile for August and September.

Liquidity

Our current assets to current liabilities ratio (current ratio) was 0.96:1 (2019/20 0.98:1). Removing the impact of FRS102 in relation to the treatment of deferred capital grants gives a current ratio of 1.06:1 (2019/20 1.10:1).

Impact of the Covid-19 pandemic on our cash flow and liquidity position

We were able to maintain a positive cash position throughout the year, investment in fixed assets at £722K remained comparable with previous years. As anticipated, the reduced recruitment onto apprenticeship provision seen in the last quarter of 2019/20 had an adverse impact on our income target and in-year cash projections. This lost income was offset by savings across pay and non-pay cost lines, both for apprenticeship activity and elsewhere across the College.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

For the 2020/2021 academic year Huish received £8,528K (Aug 2020 to July 2021) (2019/20 £8,079K) in funding agency main allocation income. This comprised £7,860K for 16-18 students, £607K for apprenticeships and £61K Adult Education Budget funding. For the period we received £10,008, £9,230K of which was for 16-18 students, £690K for apprenticeships and £88K for Adult Education.

Income received from the ESFA funded 1,883 16-19 years-old students (2019/20 1,817). In addition, there were 255 apprentices (2019/20 523) earning £607K of funding (2019/20 £803K).

For Huish 16-19 students studying at Level 3 the overall retention rate was 89% (2019/20 85%), achievement rate was 88% (2019/20 83%) and pass rate was 99% (2019/20 98%). Where 16-19 students studied for A-Level qualifications the pass rate was 99% (2019/20 98%), the achievement rate was 87% (2019/20 82%) and retention rate was 88% (2019/20 84%). In respect of Level 3 Vocational qualifications, for 16-19 students the pass rate was 97% (2019/20 96%), the achievement rate was 89% (2019/20 83%) and retention rate was 92% (2019/20 87%).

For Level 2 (excluding GCSE) 16-19 students the pass rate was 97% (2019/20 94%), the achievement rate was 81% (2019/20 92%), retention rate was 83% (2019/20 92%).

Student achievements

The Summer 2021 external examinations were cancelled in light of the ongoing impact of Covid-19. The performance detailed below was a result of Teacher Assessed Grades (TAGs). In 2019/20 grades were awarded through a Centre Assessed Grades approach (CAGs)

In the summer of 2021 1,084 students were entered for examinations and assessments at all levels. Of these 811 students had A level and GCSE entries and 348 had vocational entries.

Students who studied A-Level subjects ending in the summer of 2021 achieved an A-C percentage of 85% (2019/20 89%). Please note that, these were Teacher Assessed Grades.

Students studying a level 3 extended diploma qualification in 2020/21 achieved 85% D*D*D* - MMM (2019/20 90%).

Members' report (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Student achievements (continued)

Students entered for the progression vocational level 2 programme Teacher Assessed Grades in the summer of 2021 achieved 57% Merit/Distinction/Distinction* (2019/20 72%).

Students who were resitting their GCSE English and Maths in the summer of 2021 achieved 67% 9-4 grades at English (2019/20 74%) and 52% 9-4 grades at Maths (2019/20 42%). Our High Project Qualification students achieved 64% A-C (2019/20 92%).

CURRICULUM DEVELOPMENTS

The College remains a key provider in the County's post-16 provision, raising the aspirations of young people at both Level 2, Level 3 and adult learners through Apprenticeships, AEB and full cost courses. Our curriculum is designed to provide students with a broad and holistic educational experience, as well as a line of sight to further study, training or employment. It is intended to allow our learners to:

- be challenged, motivated and inspired to achieve beyond what would be expected
- develop skills, behaviours and acquire knowledge that will enable them to progress and to contribute valuably socially and economically
- develop the resilience to be safe and successful

Last academic year, Huish offered a broad ranging curriculum with 44 course areas (16-19 provision) and 4 programme areas (work based and adult learning provision). This included a comprehensive mix of Academic and Vocational provision, with the majority of learners enrolled on to Level 3 Study programmes. The College courses for 2020-21 included:

- Level 1 and 2 Functional Skills
- Level 2 Vocational courses
- GCSE English and mathematics
- A levels
- Level 3 Vocational courses
- Apprenticeships
- Level 2 to Level 7 Adult courses.

In providing a wide variety of academic qualifications, we are committed to offering our local community courses that enable students to become critical and reflective thinkers, as well as acquiring internationally recognised qualifications, which can lead to university, further study, training or work. One key feature of the curriculum offer at Huish is the opportunity for students to combine academic and Applied General Qualifications in areas such as IT, Digital Media, Applied Science, Business, Health and Social Care and Music. Around 17% of our 16-19 students' study on a 'mixed programme' and including this flexibility within our curriculum is an important part of promoting social mobility for young people in Somerset.

New 16-19 Provision for 2020-21:

- Extended Diploma in Applied Science
- Extended Certificate in Drama and Performance

In 2020-21, our Apprenticeship and AEB provision were reviewed to ensure that, post pandemic, the College was offering the relevant qualifications to meet local and national need, which were also viable for a college of this size and infrastructure to deliver to a high standard. The College's ability to be agile and respond to local demand is critical, therefore, following extensive consultation, review and research it was agreed by all stakeholders to streamline the Apprenticeship provision and bring it into the heart of the mainstream curriculum and focus our adult provision where there is most need.

Apprenticeships – Subsequent to the review of work-based learning provision, from April 2021 we no longer recruited to Business, Leadership and Management or Health and Care Apprenticeships. Going forwards Huish will be specialising in Education and Accountancy based Apprenticeships, which are well matched with our intent and expertise as a college as well as of good quality and financially sustainable going forwards.

Members' report *(continued)*

Curriculum developments *(continued)*

AEB - Our strategic vision is to support and promote the care sector, helping the national shortage of health and social care workers as identified by our local care providers. We have limited funding for Adults and therefore need to use it where there is most need. The national and local skill shortage in the Care sector has never been more critical, the College can respond to this by offering highly skilled training.

A core element of our 'curriculum intent' at Huish is to ensure that all students develop skills, behaviours and acquire knowledge that will enable them to progress and to contribute valuably socially and economically. One way in which we do this with our 16-19 cohort is through our specialist Progress Tutoring system, which includes a core pastoral curriculum covering areas such as health and wellbeing, Prevent, British values, consent, road safety, first aid, finances, careers and progression. Progress Tutors run whole group sessions, regularly provide study guidance, as well as meeting with students individually for Progress Reviews across the year to ensure they are well settled, making good progress and are effectively engaged in college life. Our tutorial curriculum and support systems are designed to help students develop as responsible members of our community. This was identified during the Ofsted Pilot (May 2021) where inspected commented *"leaders have established a tutorial programme which encourages young people to become more active citizens"*

Last academic year, we re-timetabled the College and provided face-to face teaching throughout, with the exception of the post-Christmas national lockdown where all classes moved online across the country. The delivery of Adult and Apprenticeship provision were managed flexibly in conjunction with employers and more remote teaching, assessing and support was provided where appropriate, for example for those working in the care sector.

As a result of the pandemic, we were required to provide Teacher Assessed Grades for students as external examinations were cancelled. This was managed with exceptional care, professional integrity and fully in line with the Ofqual regulations. Huish students received well evidence outcomes that reflected their strong levels of achievement. We had less than 20 appeals and only one was upheld, as a result of a learning difficulty that a student had which was not disclosed to the College and only known about when the parent raised it in challenge to an awarded grade.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require Huish to publish information on facility time arrangements for trade union officials at the College. 1 FTE employee received facility time at a cost of £1.4K, representing 0.01% of the total pay bill of £10,065K.

Members' report *(continued)*

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2020 to 1 October 2021, we believe that payments were made in line with the terms of our suppliers and our own policy.

Transfer of activities

On the 1 October 2021 Richard Huish College completed its re-designation to Academy status. Huish joined the Multi-Academy Trust for which it had previously been the sponsor, Richard Huish Trust. All assets and liabilities of the College including its building assets, cash balances, commercial loan and Local Government pension Scheme liability transferred to RHT on that date.

Future developments

As stated earlier in this Members' report Richard Huish College had its request to academise approved by the Regional Schools Commissioner in June 2021. Subsequently, we joined the Richard Huish Trust Multi-Academy Trust (RHT) on 1st October 2021. We can confirm that all the necessary transfers of assets and liabilities were completed by the transfer date.

We have been providing a range of back-office services to RHT for the past several years, we anticipate that the scope of these services will expand generating further economies of scale and service improvements that will, in turn, directly benefit the College.

As previously stated, as a direct consequence of the pandemic we have seen a negative impact on our apprenticeship performance. After careful consideration, we have decided to withdraw our Health and Business standards offer enabling us to concentrate on accountancy and education specific standards. We have seen an increase in Adult Education funded provision in Health and expect these numbers to grow in the coming year.

Reserves policy

Huish does not have a formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. We will be adopting the reserves policy of Richard Huish Trust moving forward. Reserves include £24K (2019/20 £24K) held as restricted. As at the balance sheet date the Income and Expenditure reserves deficit stands at £7,095K (2019/20 £7,052K).

Resources

Huish has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include:

- Financial - We have £6,294K of net assets (excluding the LGPS pension liability of £11,720K) and long-term debt of £849K.
- People - In the year to 30 September 2021, Huish employed 239 people (expressed as full-time equivalents), of whom 114 were teaching staff.
- Reputation - Huish has an excellent reputation locally, regionally and nationally. Maintaining a quality brand and offering the best information, advice and guidance to future and current students is integral to our success.

Members' report *(continued)*

Principal risks and uncertainties

We continue to develop and embed our systems of internal control into every aspect of our activity, including financial and operational areas. Risk management is a constantly evolving and developing process to ensure that all key risks are identified and managed to limit their impact should they crystallise.

The established risk register and assurance framework is subject to regular scrutiny and review by senior managers as well as scrutiny and challenge by the Corporation. There is an ongoing review of all risk management processes to ensure that the management of risk is contemporary, proactive and that the Corporation can fully assess and make provision to obtain the range of assurance it requires. The risk register forms the basis of risk management action planning, with risks summarised in a contemporary risk 'map'. The Audit Committee can monitor the position at any time via this summary. Risks are prioritised using a consistent scoring system and are directly referenced to the College strategic planning process. Corporation sub-committees have ownership of the strategic risks that fall under their remit, overseen by the Audit Committee. A review of key risks informs the range of assurance work which the Audit Committee undertakes on behalf of the Corporation. There is a well-established ethos of risk management throughout the College.

Outlined below and on the following pages is a description of the principal risk factors that may affect our college. Not all the factors are within our control. Other factors besides those listed below may also adversely affect us.

Government funding

The College relies on continued government funding through the sector funding agencies for England. In 2020/21 85% of college revenue was from the ESFA to fund education programmes. A similar level of funding is necessary if delivery of core business activity is to continue in the same way. There is no long-term assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

In the year we received £330K of ESFA Teachers' Pension Employer Contribution Grant (TPECG) to fund our Teachers' Pension scheme employer contribution increase, arising from the March 2019 actuarial valuation. This funding has been guaranteed by Government for the forthcoming financial year. The school sector grant has now been consolidated within the National Funding Formula, consequently we no longer believe the continued payment of this grant to be a risk to our future finances, particularly given our conversion to academy status.

Strategic planning takes full account of the risk to funding. The key strategic drivers ensure that risk to funding is mitigated through:

- continuing to maintain and seek further improvements in student outcomes and progression through highly effective teaching, learning and curriculum delivery,
- maintaining and further improving the range and quality of enrichment activities,
- further development of the curriculum in new academic and vocational areas,
- Optimising the use of our teaching resources through effective curriculum delivery planning,
- increase the level of levy-paying apprenticeship activity,
- further development of formal and informal partnership working through our links with other organisations in the local and wider community,
- growing our number of UK based boarding students,
- retaining and growing our local, regional and national reputation as a highly effective and forward-thinking educational organisation,
- further improvement of the quality of our campus and facilities,
- seeking further financial efficiencies and developing current or new income streams,
- recruiting, retaining and developing inspirational and highly effective staff,
- providing highly effective governance and strategic leadership.

There is regular dialogue with the ESFA, partner institutions, feeder schools, employers and other stakeholders in order to ensure that we have all relevant information to hand to assist in the strategic decision-making process.

Members' report (continued)

Principal risks and uncertainties (continued)

Changes to government policy at a national and regional level

In January 2021 the Government published their White Paper "Skills for jobs: lifelong learning for opportunity and growth". In July 2021 Government commenced consultation on implementation of the policy. As expected, the White Paper has a very clear emphasis on the role Further Education will play in the meeting of the skills needs of employers. Whilst our college will continue to offer vocational curricula, we recognise that the post-16 further education landscape will become more skewed towards further education colleges. The roll-out of T-Level qualifications and the subsequent de-funding of BTEC qualifications represents a potentially significant risk to the wider 6th form sector, Huish is not immune to this risk.

Risk associated with changes in government policy is mitigated in the following ways:

- all governors and managers engage in strategic networking activity to ensure that Huish is a primary shaper of education at local, regional, national and international level,
- all members of the College and the Corporation work to maintain positive strategic relationship partnerships at local, regional and international level, ensuring that there is a synergy in response to any given circumstances,
- staff are engaged in national, regional and local networks where knowledge and best practice is shared.
- Huish actively contributes to lobbying activity linked to curriculum reform at a local, regional and national level

Changes in the local area post-16 demographic

The number of post-16 learners in Taunton and the wider college catchment is increasing in line with the demographic. We saw an increase in lower sixth recruitment in September 2020. The Covid-19 pandemic has undoubtedly influenced the thinking of our young people and their families when it comes to choosing their post-16 establishment. Access to safe, affordable and accessible transport is clearly influencing the choice of some young people to stay local.

The Covid-19 pandemic has undoubtedly contributed to the slowing down of housing development in the immediate Taunton area, this is recovering but we are still tracking behind earlier growth predictions. We are seeing a growth in pupils within our Taunton based MAT schools across both Primary and Secondary phases. Whilst we may have to wait a few more years to see those numbers flowing through to post-16 we can be confident that the future demographic will result in increased enrolments.

On 7 August 2014, the Department for Education approved the College to be an appropriate organisation to sponsor an academy, the Corporation formally agreed to the adoption of the Taunton Academy on 27 January 2015. On 31 March 2015, the assets and liabilities of the Taunton Academy transferred to Richard Huish Trust (Company No. 9320523), the legal entity, incorporated on 20 November 2014. West Buckland Community Primary School and North Curry C of E Primary School joined the Trust on 1st May 2018. North Town Primary School joined the Trust on the 1st April 2019. The Trust opened its first 'Free School', Nerrols Primary School, in September 2019. In January 2021 Lyngford Park Primary School joined our Trust.

The Richard Huish Trust is a charitable company limited by guarantee; it is an exempt charity and is not registered with the Charity Commission. Academies are charities by virtue of the Academies Act 2010. The Trust is a self-governing, autonomous and separate body to the College.

Members and Directors have been appointed for the Multi Academy Trust and the College operates separate auditing arrangements.

In December 2020, College Governors decided to seek re-designation to academy status and join the Richard Huish Trust MAT, this was completed on the 1 October 2021.

Members' report (*continued*)

Principal risks and uncertainties (*continued*)

Changes in the local area post-16 demographic (*continued*)

This area of risk is particularly complex, we have very little influence over the speed and scale of housing developments in the area. We can however influence the post-16 education decisions that young people. Proactive risk management will mitigate the risks in the following ways:

- In joining the Richard Huish Trust Mat, the College will increase its leadership influence in local discussion to ensure a coherence of provision for all learners in the community, especially at post-16 level,
- we will monitor and review working relationships with local education providers to promote the positive development of local educational provision at all levels,
- Huish will continue to review and develop its range of curriculum activity in the light of local requirement and available resources. The College quality brand and the best information, advice and guidance for students are both critical to that process,
- we will pay due attention to forward planning, particularly in relation to our learning infrastructure, to support delivery of the best quality teaching and learning.
- We will enhance our links with local secondary schools to ensure that pupils are fully informed of the options open to them post-16
- We will improve our data capture so that we are better informed as to why young people make the choices they make and, where appropriate, adapt our offer to improve the accessibility of Huish

Impact of Covid-19 on outcomes for students, teaching and learning and financial health

This year was the second year of disruption to the education of our young people. Once again, our students did not sit externally assessed examinations. The Government replaced the Centre Assessed Grading (CAGs) mechanism, in place for the Summer 2020 exam series, with Teacher assessed Grades (TAGs). This approach was a significant improvement on the previous year, although it did generate a significant increased workload for our teaching colleagues. Our approach to awarding grades was in line with Government and Awarding Bodies' expectations. We developed a transparent and robust protocol for validating grades awarded by our teaching colleagues and are confident that the grades awarded will withstand scrutiny.

Creating a safe environment for our students and staff to return to face-to-face learning in September 2020 was a priority for Huish. We adapted our 16-19 timetable to reduce the number of students on site at any one time, staff were encouraged to work from home if their role allows it or if they are not teaching. We adapted the layout of our classrooms to make sure that we met Government guidelines. Classrooms were sanitised each lunchtime. The measures we put in place were effective with disruption being kept to an acceptable level. Where we did need to revert to online learning, decisions were made quickly ensuring as few students as possible were impacted. We have clearly incurred additional costs but have offset these increases with savings elsewhere.

For September 2021 we are planning for delivery to be back to normal. We have retained our protocols for students and staff informing us of a positive test and will be guided by Public Health England should the level of infections require further intervention.

From a financial health perspective, we have seen a decline in apprenticeship activity and international student recruitment. As previously stated, we have taken the difficult decision to withdraw from Health, Leadership and Business apprenticeships. We have been cautious in our international student number predictions for 2021/22, early indications suggest that we will be broadly in line with those estimates. On academisation we will no longer be able to recruit fee paying international students, our new lower sixth September cohort will be our last.

Wherever possible we have looked to mitigate any impact of lost income by reductions in direct costs. We have compiled a detailed cash flow forecast for the forthcoming year and do not foresee any requirement for third-party support.

Members' report (continued)

Principal risks and uncertainties (continued)

Pension liabilities

The financial statements report the share of the pension scheme deficit on our balance sheet in line with the requirements of FRS102. Huish is committed to meeting its ongoing obligations and is making deficit repayments to the pension fund on top of our existing employer contribution. The impact of these deficit repayments, whilst manageable, are nonetheless increasing our costs of employment at a time when funding is static. Government has funded the increase in TPS employer contributions in 2020/21 and has guaranteed funding for future years. The next TPS triennial valuation, based on the March 2020 actuarial valuation, will take effect from September 2023. It remains unclear as to what level of additional funding will be made available to the sector should we see an unaffordable rise in contribution levels.

The tri-annual valuation of the Local Government Pension Scheme (LGPS) in 2019 led to an increase in the employer contribution rate and the annual deficit recovery charge. Corporation members remain concerned as to the scale of the LGPS deficit to be carried by the College and how this compares with other 6th form colleges. We have been unable to find an explanation as to why our scheme liability is so far removed from the sector average. The college pension liability will transfer to Richard Huish Trust as part of our academisation. The next triennial review will be March 2022, we have included increases to both our deficit recovery value and employer contribution levels within our financial planning assumptions for future years.

International students and boarding facilities

The College will welcome international students for the last time in September 2021. On academisation our Highly Trusted Sponsor (HTS) status is removed. We will continue to work with our Hong Kong agents to attract students that have British National Overseas status (BN(O)), these students contribute towards our ESFA 16-18 funding numbers.

Oak House, our student accommodation facility, was available for students from September 2017. Oak House has remained a popular choice for our overseas students and is becoming increasingly popular with UK based students wanting a boarding experience. The loss of international boarders does have a direct bearing on the financial viability of our accommodation facility. We have seen more interest from our UK market for September 2021, this needs to increase in future years for the centre to remain viable. We have stepped up our UK based marketing of Oak House, we know that our student outcomes and enrichment opportunities are equal to and in many cases better than our competitors locally.

Accommodation strategy

Student recruitment and the learning experience for individual students will be severely compromised if the quality of the facilities offered by Huish did not meet the needs and high expectations of its students. We have continued to be proactive in securing grant funding to ensure that the quality of our facilities supports delivery of the highest quality of teaching and learning. Since 2010 there has been an impressive programme of new building and refurbishment work to ensure that facilities provide the right circumstances for all students to have a highly positive learning experience.

A new property strategy was approved by the Corporation in Autumn 2019. The demographic data shows a significant upward trend over the next five, this could lead to an increase in numbers beyond our current classroom capacity. We will continue to bid for grant support from the ESFA to finance classroom capacity expansion. We have an ongoing concern around tutorial and self-study/recreational space and will be trialling some different delivery approaches from September 2021.

Once the College joins Richard Huish Trust the Trust will qualify for automatic School Condition Funding, we have been informed by the ESFA that this becomes effective from April 2022. Once we are in the automatic allocation process, we will no longer be able to bid to the ESFA Condition Improvement Fund.

Members' report (*continued*)

Principal risks and uncertainties (*continued*)

Accommodation strategy (*continued*)

To manage this risk, we are considering the following actions:

- Review our curriculum offer and place restrictions on enrolment numbers for the most popular courses,
- Invest in new facilities using college reserves alongside ESFA CIF funding (whilst we are able to bid) or Trust school condition allocation funding,
- Move back-offices services off-site to free up additional space

Stakeholder relationships

In line with other sixth form colleges, Huish has many stakeholders. These include:

- students
- parents/carers
- feeder secondary schools
- funding agencies
- staff
- governors
- employers
- local and regional Chambers of Commerce
- local authorities, government offices and regional agencies
- the local community
- other post-16 education providers
- trades unions
- professional organisations
- trustees
- Commercial lenders.

The 2019 FE HE SORP requires details of stakeholder relationships that may affect long-term financial performance. Details of these relationships should be given, and the stakeholders above should be named.

We recognise the importance of our relationships with key stakeholders and seek to engage with them at every appropriate opportunity. The learner experience is fundamental to everything we do; we seek their views on a regular and increasing basis.

Staff, student and parent involvement

The Corporation, the CEO (as accounting officer) and senior managers fully accept their responsibility for matters of policy and administration and recognise that good communication within the Huish community is vital to success. There is provision for two members of staff, two students and two parents to serve as members of the Corporation. The CEO is an *ex officio* member of the Corporation.

We encourage the involvement of staff through membership of committees and teams. All members of staff, through team action plans and other means, are afforded opportunity to contribute to our strategic planning process. Specific task groups may be convened to engage in seeking staff views when there are new initiatives or strategic issues for consideration.

A Staff Voice group exists to ensure that staff have a voice and know that their opinions and views will be acted upon. The group meets with the Principal and the HR Director twice per term with a governor representative.

Members' report *(continued)*

Staff, student and parent involvement *(continued)*

The views of learners are actively sought through a variety of questionnaires, focus group meetings and other opportunities. The Student Union represents the student body to senior staff and fund-raises for projects within the community as well as national initiatives. Huish also has two Student Governors who provide a further voice within college governance. In addition, all students are questioned (via the Study Programme Questionnaire) annually on all aspects of their college experience including their subject provision and the quality of facilities, such as the Learning Centre.

The post of Student Liaison Officer has been a great success over several years and continues to provide a positive bridge between students and staff. The post is substantially funded by the Richard Huish College Foundation and is of huge benefit to students, particularly those looking to progress onto university.

The College's Commitment

Richard Huish College is committed to the principle and practice of equality of treatment and opportunity for everyone. It is the first of our college's values: 'We have a culture that cares for the individual and promotes inclusivity, equality and mutual respect – specialist support is available to all and diversity is embraced.' It is, therefore, the responsibility of everyone within the College to actively combat any direct or indirect discriminatory behaviour that could provoke feelings of discomfort or disadvantage towards others. This could be on the grounds of age, disability, gender reassignment, pregnancy and maternity, race, sex, marriage or civil partnership, religion and belief or sexual orientation, as outlined by the Equality Act 2010.

In addition to being bound by the legislative framework, Huish has adopted recognised codes of practice i.e. the SEND (Special Educational Needs and Disabilities) Code of Practice in Section 41 of the Children and Families Act 2014 as the benchmark for procedures and measures introduced to ensure greater equality of opportunity.

The nine protected characteristics as defined by the Equality Act 2010 are:

- race
- gender
- disability
- sexual orientation
- religion or belief
- gender reassignment/being a transsexual person
- pregnancy and maternity
- being married or in a civil partnership
- age.

The Equal Opportunities in Employment Policy is published on our website and is regularly reviewed by the Corporation. All new staff and governors receive compulsory training in diversity and equality matters.

Huish considers applications from all disabled applicants who meet the minimum criteria for a post. When an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. Our policy is to make any reasonable adjustments in order to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

We are committed to promoting and ensuring the safeguarding and protection of all students. All employees, governors and contractors are subject to vetting and barring procedures and training procedures. The Corporation regularly reviews the Safeguarding Policy to ensure that there are relevant and effective safeguarding practices and a culture of adherence to them. Mandatory safeguarding training has been delivered to all staff and governors.

Members' report *(continued)*

Staff, student and parent involvement *(continued)*

Disability statement

Huish provides individually agreed support for students with disabilities, learning difficulties and health issues. These students receive additional support appropriate to their needs, within the parameters of what is reasonable. Special arrangements for examinations are negotiated with the examining boards on behalf of students and appropriate support provided.

There is a range of specialist equipment and technology that the College can make available for use by students.

As required by the Equality Act 2010, we annually publish an Equality Report and have Equality Objectives that are reviewed on at least a four-yearly basis.

Disclosure of Information to Auditor

The members of the Corporation 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 auditor is unaware. 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 13th December 2021 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'David Griffin', is written over a horizontal line.

David Griffin
Chair

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. having due regard to the UK Corporate Governance Code 2017 insofar as it is applicable to the further education sector.

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

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

The Corporation from 1 Aug 2020 to 1 October 2021

The Richard Huish College Corporation has determined that the Corporation should comprise up to 20 members at any given time. As at 30 September 2021 the Corporation comprised 19 Governors with one vacancy.

the Chief Executive Officer

3 Foundation members,

2 Staff members,

2 Parent member,

2 Student members,

10 Other members,

The Corporation Chair was Mr D Griffin and was permanently appointed in May 2020.

Three members' terms of office came to an end during 2020-21 and were re-appointed in accordance with the Governor Recruitment, Succession and Renewal procedure. Two student members were appointed in the year along with two parent members and one new external member. Four members resigned in the year: Caitlyn Ann Shortland, Karuna Tharmananthar, Nicky Reid and Yuqi Cao. A further five governors resigned on academisation of the College and have moved to other Boards and committees that are part of the Richard Huish Trust (Multi Academy Trust)

The members who served the Corporation during the year and up to the date of signature of this report are detailed in the table on the following page.

On academisation a new 'Local Governing Body' will be formed. The College, as a member of the Richard Huish MAT, will operate within a Scheme of Delegated Authority (SODA) approved by the Board of Directors of the MAT.

Statement of Corporate Governance and Internal Control (continued)

The Corporation from 1 Aug 2020 to 30 Sept 2021 (continued)

Member attendance for 2020/2021 was as follows:

Governor	Individual Attendance		Notes
	Meetings in year	%	
John Abbott	16/16	100	
Guy Adams	13/14	93	
Barbara Barratt	18/18	100	
Nic Blunsum	3/5	60	
Ian Brown	5/5	100	
Pat Flaherty	7/11	64	
David Griffin	24/24	100	
Victoria Harrison	3/5	60	
Jonathan Langdon	20/20	100	
Nikki Lewis	12/12	100	
Dan Maycock	9/10	90	
Matt Morgan	10/11	91	
Aaron Reid	2/5	40	
Nicky Reid	9/10	90	
Moiria Reynolds	5/7	71	
Karuna Tharmananthar	8/9	89	
Mary Tighe	14/14	100	
Dave Tomaney	12/12	100	
Yuqi Cao	11/11	100	
Ella Tonge	5/5	100	
Grace Howard	5/5	100	
Bettina Walker	25/26	96%	

Statement of Corporate Governance and Internal Control (continued)

The Corporation from 1 Aug 2020 to 30 Sept 2021 (continued)

1 Governor Name	2 Date of Appointment for current term	Date of resignation/ end of appointment	3 Status	4 Committees Served 2020/2021
Mr J Abbott	1 September 2020	Ex-officio	CEO Ex-officio	Academic Planning and Quality Finance and General Purposes Personnel, Search and Governance
Mr G Adams	Re-appointed 22 September 2020	30.09.2022 Resigned (Ac) 30.09. 2021	Foundation Governor	Finance and General Purposes
Ms B Barratt	Re-appointed 31 December 2017	31.12.2021	External Governor	Corporation Vice-chair Remuneration Committee Chair Personnel, Search & Governance AP&Q
Mr N Blunsum	19 March 2021	31.03. 2025	External Governor	AP&Q
Mr I Brown	5 February 2021	31.03.2023	Parent Governor	Audit
Mr P Flaherty	Re-appointed 1 April 2020	30.04.2024	External Governor	Audit
Mr D Griffin	Re-appointed 1 July 2019	31.07.2023	External Governor	Chair of Corporation from 13.1.2020 F&GP Committee Search & Governance Chair Remuneration, AP&Q
Ms V Sadler Now V Harrison	1 Jan 2020	31.07.2023 Resigned (Ac) 30.09.2021	External Governor	Personnel Committee
Mr J Langdon	Appointment extended 29 March 2021	31.12.2021 Resigned (Ac) 30.09.2021	Foundation Governor	Corporation Vice-chair AP&Q, F&GP Committee Chair
Ms N Lewis	3 Dec 2018	31.12.2022	Staff Governor	Academic Planning & Quality
Mr D Maycock	9 April 2020	30.04. 2024 Resigned (Ac) 30.09.2021	External Governor	Chair of Audit from Sept 2020
Mr M Morgan	1 Jan 2020	31.01.2024	Staff Governor	AP&Q Committee
Mr Aaron Reid	5 February 2021	31.03.2023	Parent Governor	AP&Q Committee
Mrs N Reid	Appointment extended 29 March 2021	31.12.2021 Resigned 30.09.2021	External Governor	Audit Committee
Mrs M Reynolds	7 Dec 2020	31.12. 2022	External Governor	Chair of Personnel Search & Governance
Mr Karuna Tharmananthar	12 April 2018	30 April 2022 Resigned 01.04. 2021	External Governor	Finance and General Purposes Committee Personnel
Dr M Tighe	Re-appointed 31 Dec 2019	31.12.2021 Resigned(Ac) 30.09.2021	Foundation Governor	Chair: Academic Planning and Quality
Mr D Tomaney	1 April 2020	30.04.2024	External Governor	Audit
Caitlyn-Ann Shortland	Appointed 5 July 2020	15 July 2021 Resigned 01.11.2020	Student Governor	Academic Planning and Quality
Yuqi Cao	Re-appointed 5 July 2020	15.07.2021 Resigned 15.07.2021	Student Governor	Academic Planning and Quality
Ella Tonge	Appointed 5 February 2021	31.03. 2022	Student Governor	Academic Planning and Quality
Grace Howard	Appointed 5 February 2021	31.03.2022	Student Governor	Academic Planning and Quality

Statement of Corporate Governance and Internal Control (continued)

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as academic performance, performance against funding targets, proposed capital expenditure, quality and personnel related matters such as health and safety and environmental issues. The Corporation meets on at least a termly basis.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Academic Planning and Quality, Appeals, Audit, Finance and General Purposes, Personnel, Remuneration and Search and Governance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website and from the Clerk to the Corporation at:

Richard Huish College
South Road
Taunton, TA1 3DZ

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

All governors can take independent professional advice in furtherance of their duties at the expense of the College and have access to the Clerk to the Corporation, who is responsible to the Corporation for ensuring that there is compliance with all applicable procedures and regulations. The appointment of the Clerk to the Corporation is a matter for the Corporation as a whole, and in accordance with the Instrument and Articles of Government of the College.

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

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

The Corporation and each sub-committee continued to meet online during the period of Covid-19 related lockdown.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and CEO of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee comprising the members indicated in the membership table. These members are responsible for the selection and nomination of any new member for the Corporation's consideration in the light of the skill requirement of the Corporation as a whole. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. Any re-appointment is always a matter for consideration by the whole corporation.

Statement of Corporate Governance and Internal Control (continued)

Corporation performance

Remuneration Committee

During the year ending 30 September 2021, the Remuneration Committee comprised four members as indicated in the membership table. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Principal and other senior post holders. Details of remuneration for the year ended 30 September 2021 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises up to five members of the Corporation (excluding the Principal, Chair of Corporation and Staff Members who are not permitted to be members). The Committee operates in accordance with written terms of reference approved by the Corporation, taking full account of the Post 16 Audit Code of Practice 2020/21. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

At the October 2019 Audit Committee meeting members decided to adopt a more targeted, risk-based approach to development of the annual audit plan. In the area of compliance with financial controls members felt that, to a greater extent, the work previously undertaken by the Internal Auditor was subsequently being duplicated by the External Auditor and was therefore not required in-year. Members felt that by engaging more specialist support for the non-finance related elements of the College risk register a more substantial level of assurance could be achieved, and this practice continued in 2020/21. In addition to the above, risks detailed within the strategic risk register have been allocated to the appropriate corporation sub-committee for more detailed oversight and scrutiny.

At its November meeting the Audit Committee agreed the scope of the audit assurance work for 2020/21.

The Audit Committee conducted a tender exercise in 2018 for the College Financial Statements Audit service provider. Bishop Fleming LLP was formally appointed as the new Financial Statements Auditor by the Corporation on 26 March 2018 for a five-year term from 2017-18, subject to annual satisfactory reviews.

The Audit Committee meets on at least a termly basis and provides a forum for reporting on the College's Internal Reviews and Assurance. The Financial Statements Auditor has access to the Committee for independent discussion, without the presence of college management if required. The Committee also receives and considers reports from the funding agencies when required.

Management is responsible for the implementation of agreed recommendations and the people contracted to undertake Internal Reviews undertake periodic follow-up reviews to ensure that agreed recommendations have been implemented.

The Audit Committee advises the Corporation on the internal audit plan for the year and the External Audit Service and their remuneration for both audit and non-audit work.

As the College went through an academisation process from May to October 2021, the Audit Committee was tasked to oversee due diligence for the process to inform the Corporation in their decision making. The College academised on 1 October 2021.

Statement of Corporate Governance and Internal Control (continued)

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 CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives whilst safeguarding the public funds and assets for which he is personally responsible. This being in accordance with the responsibilities assigned to him in the Financial Memoranda between Huish and the funding agencies. The CEO 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 on-going process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Richard Huish College for the year ended 1 October 2021 and up to the date of approval of the Annual Report and Financial Statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which Huish is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 1 October 2021 and up to the date of approval of the Annual Report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administration procedures including the segregation of duties, and a system of delegation and accountability. 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,
- preparation of an appropriate business case in the case of capital investment,
- the adoption of formal project management disciplines, when appropriate,
- appropriate risk management plans in respect of all capital and discrete areas of financial activity.
- A comprehensive Strategic Risk Register with oversight being provided by Corporation sub-committees

Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness

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

- the work of the executive managers within Huish who have responsibility for the development and maintenance of the internal control framework,
- comments made by our Financial Statements Auditor, the Regularity Auditor, and the appointed Funding Auditor in their management letters and other reports.

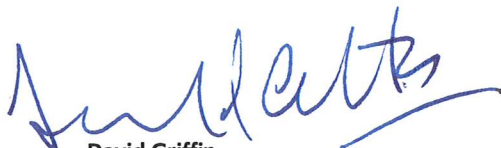
College managers receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms that are embedded within each department. This approach is further reinforced by risk awareness training. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes regular consideration of risk and control and receives reports thereon from college managers and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation reviewed the annual assessment for the year ended 1 October 2021 by considering documentation from college managers, its Committees and Internal Audit providers.

Based on the advice of the Audit Committee's annual report 2020/21 and that of the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control. The Corporation has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Going concern

As stated previously within this Members' report, Richard Huish College re-designated to academy status and joined the Richard Huish Trust MAT on 1 October 2021. All assets and liabilities transfer to the Trust on that date. Consequently, the Corporation no longer considers it appropriate to adopt the going concern basis for preparing the financial statements.

Approved by order of the members of the Corporation on 13th December 2021 and signed on its behalf by:



David Griffin
Chair



John Abbott
Accounting Officer

Governing Body's statement on the College's regularity, propriety and compliance with Funding Body's terms and conditions of funding

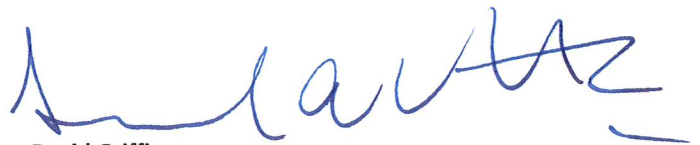
The Corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the financial memorandum in place between the College and the ESFA. As part of our consideration, we have had due regard to the requirements of the financial memorandum/funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we can identify any material irregular or improper use of funds by the College, or material non-compliance with the ESFA's terms and conditions of funding under the College's financial memorandum.

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



John Abbott
Accounting Officer



David Griffin
Chair

Date: 13 December 2021

Statement of the responsibilities of the members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education 2019 and with the College Accounts Direction 2020 to 2021 issued by the ESFA and UK GAAP, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 13th December 2021 and signed on its behalf by:



David Griffin
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF RICHARD HUISH COLLEGE

Opinion

We have audited the financial statements of Richard Huish College (the 'corporation') for the period ended 1 October 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2020 to 2021.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 1 October 2021 and of the corporation's income and expenditure, gains and losses, changes in reserves and cash flows, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP and College Accounts Direction 2020 to 2021.

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 corporation 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to the going concern accounting policy within note 1 to the financial statements which indicates that the College's assets, liabilities, and activities transferred to Richard Huish Trust on 1 October 2021 at their book value. Upon this transfer, the Corporation ceased to exist.

Accordingly, the accounts have been prepared on a basis other than going concern. No further adjustments have been made to the financial statements as a result of this transfer. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Members' report and financial statements, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF RICHARD HUISH COLLEGE (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the corporation, or returns adequate for our audit have not been received from branches not visited by us; or
- the corporation's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 27, the corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the corporation is responsible for assessing the corporation'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 corporation 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure; and
- the matters discussed among the audit engagement team and involving relevant internal corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF RICHARD HUISH COLLEGE (continued)

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the corporation for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries and these were identified as having the greatest potential for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the FE HE SORP, and the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF RICHARD HUISH COLLEGE *(continued)*

Use of our report

This report is made solely to the corporation, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the corporation those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP

Mark Munro FCA (senior statutory auditor)

For and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 16 December 2021

Reporting accountant's assurance report on regularity to the Corporation of Richard Huish College ("the College") and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 25 May 2018 and further to the requirements of funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the College during the period 1 August 2020 to 1 October 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of the College and Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of the College and the Department 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 the College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 1 October 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued jointly by the Department. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income and expenditure to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk.

Reporting accountant's assurance report on regularity (continued)

Conclusion

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

Bishop Fleming LLP

Mark Munro FCA (senior statutory auditor)

For and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 16 December 2021

**Statements of Comprehensive Income
for the 14-month period ended 1 October 2021**

	Note	2021 £'000	2020 £'000
INCOME			
Funding body grants	2	10,710	8,645
Tuition fees and education contracts	3	604	594
Other grants and contracts	4	40	43
Other income	4	1,193	1,097
Endowment and investment income	5	4	14
Donations and Endowments	4	-	10
Total income		12,551	10,403
EXPENDITURE			
Staff costs	6	10,117	8,114
Other operating expenses	7	2,345	1,952
Depreciation	10	837	710
Interest and other finance costs	8	254	214
Total expenditure		13,553	10,990
Deficit before other gains and losses		(1,002)	(587)
Loss on disposal of assets	10	-	-
Deficit before tax		(1,002)	(587)
Taxation	9	-	-
Deficit for the year		(1,002)	(587)
Actuarial gain/(loss) in respect of pensions schemes	18	927	(4,048)
Total Comprehensive Income for the period		(75)	(4,635)
Transferred on academisation on 1 October 2021		5,426	-
Total Comprehensive Income for the period to the 1 October 2021		5,351	(4,635)

The income and expenditure account is in respect of continuing activities.

The notes on pages 38 to 61 form part of the financial statements.

Statement of Changes in Reserves
For the 14-month period ended 1 October 2021

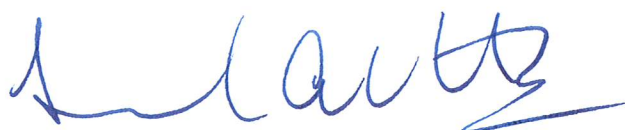
	Statement of Comprehensive Income	Revaluation reserve	Sports equipment restricted reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1st August 2019	(2,444)	1,704	23	(717)
Deficit from the income and expenditure account	(587)	-	-	(587)
Other comprehensive income	(4,048)	-	-	(4,048)
Transfers between revaluation and income and expenditure reserves	27	(27)	-	-
Transfers between Sports restricted reserve and expenditure			1	1
	(7,052)	1,677	24	(5,351)
Balance at 31st July 2020	(7,052)	1,677	24	(5,351)
Deficit from the income and expenditure account	(1,002)	-	-	(1,002)
Other comprehensive income	927	-	-	927
Transfers between revaluation and income and expenditure reserves	32	(32)	-	-
Total comprehensive income for the period	(43)	(32)	-	(75)
Transfers between Sports restricted reserve and expenditure reserves	-	-	-	-
Balance at 30 September 2021	(7,095)	1,645	24	(5,426)
Transferred to the Richard Huish Trust on 1 October 2021	7,095	(1,645)	(24)	5,426
Balance at 1 October 2021	-	-	-	-

The notes on pages 38 to 61 form part of the financial statements.

**Balance sheet for the 14-month period ended 1
October 2021**

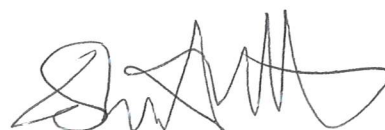
	Note	2021		2020	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	10		-		14,735
Current assets					
Trade and other receivables	12	-		762	
Cash and cash equivalents	17	-		1,817	
		-		2,579	
Less: Creditors – amounts falling due within one year	13	-		(2,631)	
Net current assets			-		(52)
Total assets less current liabilities			-		14,683
Creditors – amounts falling due after more than one year	14		-		(8,557)
Provisions					
Defined benefit obligations	18		-		(11,477)
Total net liabilities			-		(5,351)
Reserves					
Sports Equipment Restricted Reserve			-		24
Revaluation reserve			-		1,677
Income and expenditure account			-		(7,052)
Total reserves			-		(5,351)

The financial statements on pages **34 to 36** were approved and authorised for issue by the Corporation on 13th December 2021 and were signed on its behalf on that date by:



Mr D Griffin

Chair



Mr John Abbott

Accounting Officer

The notes on pages 38 to 61 form part of the financial statements.

Statement of Cash Flows
for the 14-month period ended 1 October 2021

	Note	2021 £'000	2020 £'000
Cash inflow from operating activities			
Deficit for the year		(1,002)	(587)
Adjustment for non-cash items			
Depreciation	10	837	710
(Increase)/decrease in trade and other receivables	12	212	(213)
Increase/(decrease) in creditors due within one year	13	738	178
Difference between pension charge and cash contribution	18	987	476
Deferred capital grants released to income	14	337	279
Adjustment for investing or financing activities			
Investment income	5	(4)	(14)
Interest payable	8	254	214
Loss on sale of fixed assets	10	–	–
Net cash flow from operating activities		2,359	1,043
Cash flows from investing activities			
Capital grant receipts		(365)	14
Payments made to acquire fixed assets	10	(722)	(783)
		(1,087)	(769)
Cash flows from financing activities			
Interest paid	8	(70)	(72)
Interest element of finance lease rental payments	8	(1)	(1)
Interest received	5	4	14
Repayments of amounts borrowed	15	(275)	(211)
Capital element of finance lease rental payments	15	(34)	(11)
		(376)	(281)
Decrease in cash and cash equivalents in the period		896	(7)
Transferred to the Richard Huish Trust on 1 October 2021		(2,713)	–
 Cash and cash equivalents at beginning of the period	17	1,817	1,824
Cash and cash equivalents at end of the period to 1 October 2021	17	–	1,817

The notes on pages 38 to 61 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). Huish is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The accounting period 2020/21 is a 14-month period from 1 August 2020 to 30 September 2021. The previous year accounting period was a 12-month period from 1 August 2019 to 31 July 2020.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going concern

On the 1 October 2021 Richard Huish College completed its re-designation to Academy status. Huish joined the Multi-Academy Trust that it had previously been the sponsor, Richard Huish Trust. All assets and liabilities of the College including its building assets, cash balances, commercial loan and Local Government pension Scheme liability transferred to RHT on that date. The accounts have been prepared on a basis other than going concern.

We can confirm that all the necessary transfers of assets and liabilities were completed on 1 October 2021.

Recognition of income

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

Notes (continued)

1 Statement of accounting policies (continued)

Accounting for post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme, Huish is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short term Employment benefits

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

Notes (continued)

1 Statement of accounting policies (continued)

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Freehold buildings are being depreciated at different rates according to their expected remaining life, being periods of between 35 and 60 years. Freehold land is not depreciated.

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

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

Assets under construction

There were no assets under construction at the end of the accounting period.

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life of between 3 and 8 years.

Borrowing costs

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

Notes (continued)

1 Statement of accounting policies (continued)

Non-current Assets - Tangible fixed assets (continued)

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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

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

To comply with conditions imposed by the Department for Education pursuant to our academisation, all outstanding balances in relation to finance leases were repaid in full before the 1 October 2021 transfer date.

Cash and cash equivalents

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

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

Current asset investments

Cash held on deposit with Somerset County Council is on one month notice and is therefore treated as a cash equivalent in line with the definition given above.

Financial liabilities and equity

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

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

Agency arrangements

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

Notes (continued)

1 Statement of accounting policies (continued)

Taxation

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

We are registered for VAT. The cost of purchases and fixed assets includes VAT where not recoverable.

Provisions and contingent liabilities

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of our tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 1 Oct 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes (continued)

2 Funding Body grants	2021	2020
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	88	101
Education and Skills Funding Agency – 16 -18	9,230	7,175
Education and Skills Funding Agency - apprenticeships	690	803
Office for Students/Higher Education Funding Council	–	–
Specific Grants		
Teacher Pension Scheme contribution grant	330	258
Industry placements capacity and delivery fund	–	37
SFA - Advanced Learning Loans	16	16
EFA-Devolved Formula Capital Grant	–	–
ESFA - Covid 19 Testing Grant	47	–
Releases of government capital grants	309	255
Total	10,710	8,645

3 Tuition fees and education contracts	2021	2020
	£'000	£'000
Apprenticeship fees and contracts	12	21
Fees for HE loan supported courses	–	13
Full cost recovery	78	101
International students fees	479	446
Total tuition fees	569	581
Education contracts	35	13
Total	604	594

Tuition fees funded by bursaries

There are no tuition fees funded by bursaries.

Notes (continued)

4 Other income	2021	2020
	£'000	£'000
Coronavirus Job Retention Scheme grant	15	14
Academy Conversion Grant	20	–
Residences, catering and conferences	10	149
Other income generating activities	1,125	897
European Commission	20	43
Examination fee income	15	13
Unrestricted donations	–	10
Release of non-government capital grants	28	24
Total	1,233	1,150

The Corporation furloughed staff, for example, some of the apprenticeship team, under the government's Coronavirus Job Retention Scheme. The funding received of £15,000 related to staff costs which are included within the staff costs note below as appropriate

5 Investment income	2021	2020
	£'000	£'000
Other interest receivable	4	14
Total	4	14

Notes (continued)

6 Staff numbers and costs

The average number of persons (including key management personnel) employed by the College during the period, described as full-time equivalents, were:

	2021 Number	2020 Number
Teaching staff	114	130
Non-teaching staff	125	117
Total	239	247
Staff costs for the above persons	2021 £'000	2020 £'000
Wages and salaries	6,996	5,845
Social security costs	620	516
Employer Pension costs	2,432	1,611
Apprenticeship levy	17	14
Payroll sub total	10,065	7,986
Contracted out staffing services	46	45
	10,111	8,031
Restructuring costs - contractual	6	13
non contractual	–	70
Total	10,117	8,114

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and is represented by the College Leadership Team that comprises the Chief Executive, Principal, Chief Finance Officer, Chief People Officer, two Vice Principals, three Assistant Principals, Director of Student Services, Director of IT & facilities and Director of CIS & Exams (from Sept 21)

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

	Period ended 1 Oct 2021 Number	Year ended 31 July 2020 Number
The number of key management personnel including the Accounting Officer was:	12	11

Notes (continued)

6 Staff numbers and costs (continued)

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

	Key management personnel		Other staff	
	Period ended 1 Oct 2021 Number	Year ended 31 July 2020 Number	Year ended 1 Oct 2021 Number	Year ended 31 July 2020 Number
£25,001-£30,000		1		
£30,001 -£35,000		1		
£35,001 - £40,000	1	2		
£40,001 - £45,000		–		
£45,001 - £50,000		1		
£50,001 - £55,000		2		
£55,001 - £60,000	2	–		
£60,001 - £65,000	2	1		
£70,001 - £75,000	1	–		
£75,001 - £80,000	1	1		
£80,001 - £85,000	1	1		
£125,001 - £130,000		–		
£130,001 to £135,000	2	1		
£155,000 to £160,000	1			
Total	11	11	–	–

One member of KMP started in Sept 21 does not fall into bandings above

6 Staff costs

	2021	2020
	£'000	£'000
Key management personnel compensation is made up as follows:		
Salaries	853	595
Employers National Insurance contributions	104	74
Benefits in kind	–	–
	957	669
Pension contributions	182	120
Total key management personnel compensation	1,139	789

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

Notes (continued)

6 Staff numbers and costs (continued)

The emoluments stated on the previous page include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2021	2020
	£'000	£'000
Salaries	157	131
Benefits in kind	–	–
	157	131
Pension contributions	37	30
Total emoluments	194	161

The pension contributions in respect of the Accounting Officer and other senior post holder are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate for other employees. The members of the Corporation other than the Accounting Officer did not receive any payment from the College other than the reimbursement of travel and subsistence incurred in the course of their duties.

The governing body has aligned its practices with the AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

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

The Principal and Chief Executive reports to the Chair of Governing Body, who undertakes an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

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

	2021	2020
	£'000	£'000
Principal and CEO's basic salary as a multiple of the median of all staff	4.53	4.51
Principal and CEO's total remuneration as a multiple of the median of all staff	5.12	4.83
Compensation for loss of office paid to former key management personnel	Period ended 1 Oct 2021	Year ended 31 July 2020
	£'000	£'000
Compensation paid to the former post-holder - non contractual		28
PILON	5	14
Holiday Pay	2	8
Estimated value of other benefits, including provisions for pension benefits		4
	7	54

Notes (continued)

7 Other operating expenses	2021	2020
	£'000	£'000
Teaching costs	599	522
Non-teaching costs	898	722
Premises costs	848	708
Total	2,345	1,952

Other operating expenses include:	2020	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	20	18
Internal audit	2	2
Hire of assets held under operating leases	382	363
Pension Administration expenses	10	6

8 Interest payable	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	70	72
On finance leases	1	1
Pension finance costs (note 18)	183	141
Total	254	214

9 Taxation

The members do not believe the College was liable for any Corporation Tax arising out of its activities during either period.

Notes (continued)

10 Tangible fixed assets	Freehold land and buildings	Equipment	Intangible Assets	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2020	19,324	3,161	–	463	22,948
Additions	528	186	8	–	722
Disposals	(63)	(99)	–	–	(162)
Transfers	463	–	–	(463)	–
As at 30 September 2021	20,252	3,248	8	–	23,508
Transferred to Richard Huish Trust on 1 October 2021	(20,252)	(3,248)	(8)	–	(23,508)
Depreciation					
At 1 August 2020	6,026	2,187	–	–	8,213
Charge for the year	610	225	2	–	837
Elimination in respect of disposals	(63)	(99)	–	–	(162)
Transfers	–	–	–	–	–
As at 30 September 2021	6,573	2,313	2	–	8,888
Transferred to Richard Huish Trust on 1 October 2021	(6,573)	(2,313)	(2)	–	(8,888)
Net book value at 30 September 2021	13,679	935	6	–	14,620
Transferred to Richard Huish Trust on 1 October 2021	(13,679)	(935)	(6)	–	(14,620)
Net Book value at 1 October 2021	–	–	–	–	–
Net book value at 31 July 2020	13,298	974	–	463	14,735

During the period legal ownership of the land and buildings, other than the sports ground known as Ash Meadows and the buildings known as the Juniper Building, the Willow Building, the Cedar Building, the Hawthorn Building, the Sycamore Building (Sports Hall), the Maple Building (new Art and computing Building), the Linden Centre, Elmfield House and Rowan House (formerly number 48 South Road, Taunton), remains with the Richard Huish College Foundation (registered charity - 310267) and not the College. Notwithstanding this the members have concluded that it would be misleading to exclude the land and buildings owned by the RHC Foundation from the College's balance sheet.

Inherited land and buildings were valued at incorporation at depreciated replacement cost by a firm of independent chartered surveyors with the exception of unoccupied land and buildings which have been valued at open market value based on professional advice as at 25 July 1997. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a replacement cost basis with the assistance of independent professional advice.

At 1 October 2021 all fixed assets owned by the College were transferred to the Richard Huish Trust. All fixed assets and land not owned by the College were granted a 125 year lease in the favour of Richard Huish Trust.

Notes (continued)

11	Current asset Investments	2021	2020
		£'000	£'000
	Cash investment	750	750
	Total at 30 September 2021	750	750
	Transferred to Richard Huish Trust on 1 October 2021	(750)	–
	Total at 1 October 2021	–	–
12	Debtors	2021	2020
		£'000	£'000
	Amounts falling due within one year:		
	Trade receivables	186	458
	Prepayments and accrued income	364	304
	Total at 30 September 2021	550	762
	Transferred to Richard Huish Trust on 1 October 2021	(550)	–
	Total at 1 October 2021	–	–
13	Creditors: amounts falling due within one year	2021	2020
		£'000	£'000
	Bank loans (note 15)	238	223
	Obligations under finance leases	–	11
	Trade payables	244	175
	Fixed asset Creditor	14	118
	Payments received on account	108	107
	Other, taxation and social security	661	396
	Deferred income - government capital grants	271	261
	Deferred income - other grants	24	25
	Accruals and deferred income	1,607	1,183
	Amounts owed to the ESFA relating to AEB contract under-performance	76	10
	Amounts received from ESFA re capital projects-payments on account	139	122
	Total at 30 September 2021	3,382	2,631
	Transferred to Richard Huish Trust on 1 October 2021	(3,382)	–
	Total at 1 October 2021	–	–

Notes (continued)

14 Creditors: amounts falling due after one year	2021	2020
	£'000	£'000
Bank and other ESFA loans (note 15)	849	1,139
Obligations under finance leases	–	23
Deferred income - government capital grants	7,213	7,277
Deferred income-other	145	118
Total at 30 September 2021	8,207	8,557
Transferred to Richard Huish Trust on 1 October 2021	(8,207)	–
Total at 1 October 2021	–	–

15 Analysis of borrowings	2021	2020
	£'000	£'000
Bank loans and borrowing from the ESFA		
Bank loans and overdrafts are repayable as follows:		
In one year or less	238	223
Between one and two years	250	235
Between two and five years	514	730
In five years or more	85	174
	849	1,139
Total at 30 September 2021	1,087	1,362
Transferred to Richard Huish Trust on 1 October 2021	(1,087)	–
Total at 1 October 2021	–	–

The bank loans are unsecured and consist of fixed rate facilities repayable in instalments on varying terms ending not later than March 2025.

The interest rate profile of the College's loans was:	2021	2020
	£'000	£'000
Fixed rate	1,087	1,362
Total	1,087	1,362

The fixed rate loans are at interest rates ranging from 3.357% to 6.375%.

Notes (continued)

15 Analysis of borrowings (continued)

Finance leases	2021	2020
	£'000	£'000
The net finance lease obligations to which the institution is committed are:		
In one year or less	–	11
Between two and five years	–	23
In five years or more	–	–
Total	–	34

16 Provisions	Defined benefit obligations £'000
At 1 August 2020	(11,477)
Movement in period (see note 18)	(243)
Total at 30 September 2021	(11,720)
Transferred to Richard Huish Trust on 1 October 2021	11,720
Total at 1 October 2021	–

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (LGPS). Further details are given in Note 18.

17 Cash and cash equivalents	At 1 August 2020	Cash flows	At 1 Oct 2021
	£'000	£'000	£'000
Cash	1,067	896	1,963
Other liquid investments	750	–	750
Cash and cash equivalents per the cash flow statement	1,817	896	2,713
Transferred to Richard Huish Trust on 1 October 2021			(2,713)
Total at 1 October 2021			–

Notes (continued)

18 Pensions and similar obligations

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

Total pension cost for the period	2021	2020
	£'000	£'000
Teachers' Pension Scheme: contributions paid	881	732
Local Government Pension Scheme:		
Contributions paid	574	409
FRS 102 (28) charge	977	470
Total Pension Cost for the period within staff costs	2,432	1,611

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

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £137,012 (2019/20 £123,881) were payable to the scheme and are included in creditors.

The Teachers' Pension Scheme

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

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

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

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

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

Notes (continued)

18 Pensions and similar obligations (continued)

Teachers' Pension Scheme (continued)

The latest actuarial review of the TPS was carried out as at 31 March 2016.

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-2021 academic year.

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

The pension costs paid to TPS in year amounted to £881K (2019/20 £732K)

FRS 102 (28)

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

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

Notes (continued)

18 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Somerset County Council. The total contribution made for the period ended 1 October 2021 was £753K of which employer's contributions totalled £574K and employees' contributions totalled £179K. The agreed contribution rate for future years is 16.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 1 October 2021 by a qualified independent actuary

	1 Oct 2021	31 July 2020
	%	%
Inflation assumption (CPI)	3.05	2.20
Inflation assumptions (RPI)	3.35	3.00
Rate of increase in salaries	3.05	2.20
Future pensions increases	3.05	2.20
Discount rate for scheme liabilities	2.00	1.40
Commutation of pensions to lump sums	50.00	50.00

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

	1 Oct 2021	31 July 2020
	years	years
<i>Retiring today</i>		
Males	23.1	23.3
Females	24.6	24.8
<i>Retiring in 20 years</i>		
Males	24.4	24.7
Females	26.1	26.2

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

	Long-term rate of return expected at 1 Oct 2021	Fair Value at 1 Oct 2021	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020
	%	£'000	%	£'000
Equities	2.00	8,159	2.00	6,314
Gilts	2.00	610	2.00	547
Bonds	2.00	1,128	2.00	937
Property	2.00	771	2.00	730
Cash	2.00	411	2.00	478
Total market value of assets		11,079		9,006

Notes (continued)

18 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

The amount included in the balance sheet in respect of the defined benefit pension plan [and enhanced pensions benefits] is as follows:

	2021 £'000	2020 £'000
Fair value of plan assets	11,079	9,006
Present value of plan liabilities	(22,799)	(20,483)
Net pensions liability	(11,720)	(11,477)

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	1,551	879
Past service cost	—	—
Total	1,551	879

Amounts included in investment income

Net interest payable	183	141
Total	183	141

Administration expenses

	10	6
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Amounts recognised in Other Comprehensive Income

Return on pension plan assets	1,416	(21)
Change in demographic assumptions	252	125
Changes in assumptions underlying the present value of plan liabilities	(741)	(4,152)
Amount recognised in Other Comprehensive Income	927	(4,048)

Notes (continued)

18 Pensions and similar obligations (continued) Local Government Pension Scheme (continued)

Movement in net defined benefit liability during the period	2021 £'000	2020 £'000
Deficit in scheme at 1 August	(11,477)	(6,812)
Movement in year:		
Current service cost	(1,551)	(879)
Administration expenses	(10)	(6)
Employer contributions	574	409
Past service cost	—	—
Net interest on the defined liability	(183)	(141)
Return on net assets	927	(4,048)
Net defined benefit liability at 1 October 2021	(11,720)	(11,477)
Asset and Liability Reconciliation	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Liabilities at the start of the period	20,483	15,557
Current Service cost	1,551	879
Capitalised gain members transferring out	—	32
Interest cost	335	330
Contributions by Scheme participants	179	146
Changes in demographic assumptions	(252)	(125)
Changes in financial assumptions	1,138	2,969
Experience loss/(gain) on defined benefit obligation	(397)	1,183
Estimated benefits paid	(238)	(433)
Liabilities assumed/(extinguished) on settlements	—	(55)
Past Service cost	—	—
Defined benefit obligations at end of period	22,799	20,483
Changes in fair value of plan assets	2021 £'000	2020 £'000
Assets at the start of the period	9,006	8,745
Interest on plan assets	152	189
Return on plan assets	1,416	(18)
Administration expenses	(10)	(6)
Employer contributions	574	409
Contributions by Scheme participants	179	146
Other actuarial gains/(losses)	—	(3)
Estimated benefits paid	(238)	(433)
Settlement prices received/(paid)	—	(23)
Assets at the end of the period	11,079	9,006

Notes (continued)

19 Capital commitments	2021	2020
	£'000	£'000
Commitments contracted for as at 1 October 2021	—	423
	<hr/>	<hr/>
20 Lease obligations		
As at 30 Sept the College had minimum lease payments due under non-cancellable operating leases as follows:		
	2020	2020
	£'000	£'000
Equipment		
Expiring - within one year	22	18
Expiring - within two and five years	50	30
	<hr/>	<hr/>
	72	48
Property lease		
Expiring - within one year	364	347
Expiring - within two and five years	784	1,149
Expiring - after five years		
	<hr/>	<hr/>
	1,148	1,496
Total at 30 September 2021	<hr/>	<hr/>
	1,220	1,544
Transferred to Richard Huish Trust on 1 October 2021	<hr/>	<hr/>
	(1,220)	(1,544)
Total at 1 October 2021	<hr/>	<hr/>
	—	—
	<hr/>	<hr/>

Notes (continued)

21 Related Parties

Due to the nature of the College's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. During the 20/21 year there were no transactions to individuals classed as related parties. (2019/20 £1,550)

Three of the College governors are trustees of Richard Huish College Foundation, a registered charity (registration number 310267) which is independent of the College. During 20/21 there were no donations made to the College (2019/20 £10k). The Richard Huish College Foundation reports annually to the Charity Commission and submits audited accounts.

As noted in Note 10, legal ownership of some of the College's land and buildings was and remains with the Richard Huish College Foundation. The Foundation allows the College unrestricted use of the land and buildings for a peppercorn rent which is paid annually. Despite legal ownership of the land and buildings being with the Richard Huish College Foundation, they have been included in the accounts of the College.

On 7 August 2014 the Department for Education approved the College to be an appropriate organisation to sponsor an academy, the Corporation formally agreed to the adoption of the Taunton Academy on 27 January 2015. On 31 March 2015 the assets and liabilities of the Taunton Academy transferred to Richard Huish Trust (Company No. 9320523), the legal entity, incorporated on 20 November 2014.

The Richard Huish Trust is a charitable company limited by guarantee, it is an exempt charity and is not registered with the Charity Commission. Academies are charities by virtue of the Academies Act 2010. The Trust is a self-governing, autonomous and separate body to the College and will operate separate auditing arrangements. Two College Governors are Richard Huish Trust members (Ex officio), two College governors are Trustees of the Trust - one of whom is the Chair of Trustees. The Principal of the college is the CEO of The Trust and a Trustee (Ex officio).

During the year 2020/21 Richard Huish College provided a range of services to Richard Huish Trust at cost, categorised as below: -

Senior Leadership and back office services £347,737 (2019/20 £218,760)

Cleaning and caretaking staffing £0 (2019/20 £18,962)

Reprographic and printing services £1,299 (2019/20 £1,041)

Catering services £0 (2019/20 £8,206)

IT and other ad hoc services £27,154 (2019/20 £17,516)

Huish Education Services Ltd is a wholly owned subsidiary of Richard Huish College. The College has provided a start-up loan of £25K to the company so that it could meet salary commitments and service start-up costs prior to the return of students in September 2020.

Huish Education Services Ltd has raised charges totalling £103,839 to Richard Huish College during the year. Of the overall charge, £55,546 relates to service management costs. Included within this charge are the additional costs incurred by the company in maintaining a service for the college during the Covid-19 pandemic with on-site student number restrictions. The remaining £48,293 consists of catering services provided to the college which is broken down as follows: -

Catering for Oak House boarders £26,584

College bursary meals £1,632

General catering for meetings & events £7,377

Staffing recharges (track and trace work done for the College by HES staff) £3,823

Other miscellaneous charges (equipment, Free College meal students hampers) £8,875

Notes (continued)

22 Amounts disbursed as agent	2021	2020
	£'000	£'000
Learner support funds		
Brought forward balance	77	32
Funding body grants - Free School Meals	39	16
Funding body grants – bursary support	316	146
Funding body grants – discretionary learner support	-	-
	<hr/>	<hr/>
Disbursed to students	(79)	(141)
Administration costs	(10)	(7)
	<hr/>	<hr/>
Balance (overspent)/underspent as at 1 October, included in creditors	343	46
	<hr/>	<hr/>

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

Employer 16-19 apprenticeship incentive payments

	£'000	£'000
Brought forward balance	29	24
Funding Body grants received in year	57	50
Disbursed to employers	(70)	(45)
	<hr/>	<hr/>
Balance remaining to be disbursed as at 1 October, included in creditors	16	29
	<hr/>	<hr/>

Incentive payments are available to employers where they support apprentices in the 16-19 age range. The College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

Richard Huish College

Notes to the Accounts (continued)

23 Transfer out the College to Richard Huish Trust

On 1st October 2021 all assets, liabilities and activities of the College transferred to Richard Huish Trust, a Multi-Academy Trust. From that day the College was no longer an independent Corporation but continued to deliver education and training as part of the Richard Huish Trust.

	Transfer out on academisation to the Richard Huish Trust
	£
TANGIBLE FIXED ASSETS	
Freehold Property	13,679
Furniture and Equipment	935
Intangible Assets	6
CURRENT ASSETS	
Debtors due within one year	550
Cash at bank and in hand	2,713
LIABILITIES	
Creditors due within one year	(3,382)
Creditors amounts falling due after one year	(8,207)
PENSIONS	
Pensions - pension scheme assets	11,079
Pensions - pension scheme liabilities	(22,799)
NET ASSETS	(5,426)