

**Richard Huish College**

**Members' report and financial statements**

**For the year ended 31 July 2020**

## **Members' report and financial statements**

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## **Professional advisers**

Financial Statements and Regularity Auditor:	Bishop Fleming Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
Bankers:	Lloyds Bank plc 31 Fore Street Taunton TA1 1HN
Solicitors:	Menzies Law St Brandon's House 29 Great George Street Bristol BS1 5QT

## Members' Report

### Operating and Financial Review

#### NATURE, OBJECTIVES AND STRATEGIES

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

##### Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting 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'.

##### 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 20.

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 1,817 16-18 years old students, including 7 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 523 apprentices. 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 plan was updated in the year. Strategic drivers 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.
- 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.

## Members' report (continued)

### Implementation of our strategic plan (continued)

- 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.

### 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

In order 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.

A number of 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 in order to underpin organisational improvement, the achievement of financial performance targets and to maintain regulatory compliance. Performance against these financial targets for 2019/20 is summarised in the table on the following page.

## Members' report *(continued)*

### Financial Objectives *(continued)*

Richard Huish College Financial Key Performance Indicators 2019/20			
Measure	2018/19	2019/20 Target	2019/20 achieved
Adjusted EBITDA as a percentage of income (Pre FRS102)	5.16%	2.37%	5.14%
Adjusted Surplus/deficit as a percentage of income (Pre FRS102)	0.35%	-2.54%	0.30%
Adjusted current ratio (Pre FRS102)	1.10:1	0.9:1	1.10:1
Cash in hand days	64	41	66
Total borrowing as a percentage of adjusted income (net of deferred capital grants)	15.05%	13.59%	13.79%
Debtor days	47	100	97
Creditor days	27	49	33
Staff costs to adjusted income (net of deferred capital grants)	73.15%	75.62%	74.62%
Maintain college financial performance within banking covenants	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. Debtor days at the year-end are adversely impacted by invoices raised in respect of International tuition fees and accommodation charges for the forthcoming academic year.

### FINANCIAL POSITION

#### Financial results

All numbers quoted are prepared under FRS102. For the year ended 31 July 2020, the key features of our financial results were:

- An operating deficit of £587K (2018/19 deficit £619K). This result is after charges relating to LGPS pension service costs of £476K (2018/19 £493K) and LGPS interest charges of £141K (2018/19 £156K). Our underlying financial performance, excluding LGPS charges was a surplus of £30K (2018/19 surplus £37K).
- An adjusted current ratio of 1.10:1 (2018/19 1.10:1).
- Accumulated negative reserves of £5,351K (2018/19 negative £717K) and cash/cash equivalent balances of £1,817K (2018/19 £1,824K). 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 £4,665K (2018/19 £735K increased liability).
- Tangible fixed asset additions, including assets in the course of construction, during the year amounted to £783K (2018/19 £675K).

We rely on the Education Skills Funding Agency (ESFA) as our principal source of income, funding our 16-18 study programmes. In 2019/20 we received £7,175K (2018/19 £7,263K) from the ESFA. We have £904K (2018/19 £925K) of additional ESFA funded activity, mainly for the delivery of 16-18 and adult apprenticeships.

Income from Higher Education student fees was £13K (2018/19 £202K). Huish has ceased the delivery of Higher Education qualifications from September 2020. International student recruitment yielded £446K (2018/19 £544K).

## **Members' report (continued)**

### **Financial Results (continued)**

Employer costs related to National Insurance and pension contributions were £1,651K (2018/19 £1,494K), an increase of £157K in the year. Salary costs were £5,845K (2018/19 £6,121K), a decrease of £276K.

### **Impact of the Covid-19 pandemic on our financial performance**

In line with the Government directive Huish stopped delivering face to face learning in March 2020. Teaching and support for students was delivered through online platforms for the remainder of the academic year. In terms of impact on income we failed to hit our apprenticeship recruitment targets for the year, although we did continue to recruit to our apprenticeship qualifications during the lockdown period. Overall apprenticeship income declined by £45K compared to the previous year. The reduced recruitment will have a negative impact on the value of apprenticeship funding we carry into 2020/21, income targets and associated costs have been moderated to reflect this. We were able to reduce premises running costs during the lockdown period, teaching and other consumables costs also declined.

### **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 Principal. All other borrowing requires the authorisation of the Corporation and complies with the requirements of the ESFA as revised from 1 April 2016.

### **Cash flows**

At £1,043K (2018/19 £1,121K), operating cash flow remains positive. The net cash outflow of £7K (2018/19 inflow of £21K) resulted primarily from comparatively modest capital expenditure investment when compared to previous years and continued good management of liquid resources.

### **Liquidity**

Our current assets to current liabilities ratio (current ratio) was 0.98:1 (2018/19 0.98:1). Removing the impact of FRS102 in relation to the treatment of deferred capital grants gives a current ratio of 1.10:1 (2018/19 1.10:1). Current liabilities increased by £205K in the year, current assets by £206K.

### **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, maintaining our investment reserve of £750K throughout the period. We anticipate that the reduced apprenticeship recruitment in the last quarter of the year will adversely impact our cash flow predictions, where possible we have made amendments to our forecast to restrict this impact to a manageable level.

## **Members' report** *(continued)*

### **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

#### **Student numbers**

In 2019/20 Huish received £8,079K (2018/19 £8,188K) in funding agency main allocation income. This comprised £7,175K for 16-18 students, £803K for apprenticeships and £101K Adult Education Budget funding.

Income received from the ESFA funded 1,817 16-19 years-old students (2018/19 1,820). In addition, there were 523 apprentices (2018/19 530) earning £803K of funding (2018/19 £848K).

For Huish 16-19 students studying at Level 3 the overall retention rate was 85% (2018/19 81%), achievement rate was 83% (2018/19 79%) and pass rate was 98% (2018/19 98%). Where 16-19 students studied for A-Level qualifications the pass rate was 98% (2018/19 98%), the achievement rate was 82% (2018/19 78%) and retention rate was 84% (2018/19 80%). In respect of Level 3 Vocational qualifications, for 16-19 students the pass rate was 96% (2018/19 96%), the achievement rate was 83% (2018/19 75%) and retention rate was 87% (2018/19 78%).

For Level 2 (excluding GCSE) 16-19 students the pass rate was 94% (2018/19 93%), the achievement rate was 82% (2018/19 81%), retention rate was 88% (87% 2018/19).

#### **Student achievements**

In the summer of 2020 1,257 students were entered for examinations and assessments at all levels. Of these 1,138 students had A level and GCSE entries and 526 had vocational entries.

Students who studied A-Level subjects ending in the summer of 2020 achieved an A-C percentage of 89.4% (2018/19 77.8%). Please note that, in line with Government Policy, these grades were the higher of the Centre Assessed Grades or Grades awarded by the awarding body.

Students sitting a level 3 vocational examination in the summer of 2020 achieved 90% Merit/Distinction/ Distinction\* (2018/19 90%).

Students sitting the progression vocational level 2 programme examinations in the summer of 2020 achieved 72% Merit/Distinction/Distinction\* (2018/19 86%).

Students who were resitting their GCSE English and Maths in the summer of 2020 achieved 74% 9-4 grades at English (2018/19 72%) and 42% 9-4 grades at Maths (2018/19 47%). Our High Project Qualification students achieved 51% A-B grades (2018/19 66%) and 92% A-C (2018/19 100%).



## **Members' report** *(continued)*

### **Curriculum developments**

Huish offers a broad curriculum of over fifty Advanced Level 3 courses, both academic and vocational, with students benefitting from the opportunity to pursue a mixed Study Programme to suit their individual needs and aspirations. In 2019-20, we ran five Level 2 Vocational Pathways, including supporting students to retake their GCSE English and Maths qualifications, as well as a range of Level 2 to 5 Apprenticeships, Traineeships and professional qualifications.

At Huish, we have taken a proactive approach to recent national curriculum developments and have fully embraced both two year Linear A Level programmes and the introduction of new, more rigorous, RQF BTEC qualifications at Level 3 where available. Staff are now confident and skilled at delivering these new specifications and enhanced professional development, teacher research and reflection over the last 18 months, has enabled us to adapt our pedagogy effectively.

Students have the opportunity, whilst at Huish, to participate in a range of other activities including work experience, volunteering, exchanges, visits, fieldwork and performances within the community. The College Careers Service also provides professional work placements for students who require this option for their career planning; this is in addition to helping develop a broad range of personal skills required in the workplace. The College has continued to develop its vocational provision to meet student demand. Numbers on these courses have continued to grow, especially in areas such as Health and Social Care, enabling us to positively contribute towards the development of a skilled local workforce in an area of high demand.

Last academic year, we invested in the phased introduction of our new Specialist Tutoring System, designed to enhance the pastoral support provided for students and to ensure timely monitoring and tracking of learner progress. This has involved increased support for directed study and skills development, as well as a more substantial tutorial programme covering personal and social development topics across the year. The system is being rolled out further in 2020-21.

Curriculum developments for the coming academic year (2020-21), include the launch of an Extended Diploma (3 A Level equivalent) in Applied Science. This new programme of study expands our STEM provision and provides excellent progression routes into areas such as bio-medical sciences and forensics.

Unfortunately, as a result of the increasing spread of Coronavirus in March 2020 the College was forced to physically close to staff and students and move its delivery online. Between April and June, students on all courses were supported by their teachers, trainers and assessors to continue with their learning remotely, using Microsoft Teams as the main platform, continuing to study the required content, assessing their learning and receiving feedback from staff. Learners in their final year of study were provided with full delivery of their courses and specifications were covered to ensure that, where relevant, they could take any external exams or assessments in the Autumn Term. From June to July, all continuing 16-19 students received a 1:1 meeting with each of their teachers to review their learning and support their individual progress, in addition to ongoing remote delivery and increased 'live' remote teaching. Progress Tutors provided guidance on managing remote studying and made individual phone calls to each student to support them in planning their work effectively and check on their wellbeing.

The College provided learners with IT equipment on loan where needed, to ensure that everyone in the Huish community had access to taught sessions and learning materials. Vulnerable learners, including those with EHCPs and SEND, were allocated a key worker from our Student Services Team and received very regular contact and support throughout the lockdown period. Safeguarding support and monitoring systems remained in place throughout.

## Members' report (continued)

### Curriculum developments (continued)

As a result of the pandemic, subsequent cancellation of national exams and the closure of schools and colleges to learners, qualification achievements were subject to an exceptional national awarding process this summer. As a college, we worked with great care and professionalism to compile Centre Assessed Grades (CAGs) in line with the Ofqual guidance, to arrive at "a fair, reasonable and carefully considered judgement of the most likely grade a student would have achieved if they had sat their exams this summer and completed any non-exam assessment." The algorithm used by the Government in the subsequent part of the awarding process has since been overridden, a result of unintended bias and discrimination, and students have ultimately been awarded the CAG or Calculated Grade (Ofqual), whichever was highest.

Huish student attainment has been very positive this summer, reflecting the realistic but optimistic judgements made regarding student abilities; what they would have achieved "on a good day", without unexpected surprises. The vast majority of students have progressed onto their chosen areas of further study or training and have been very well supported and guided by our Progress Team and Senior Staff.

### 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

Numbers of employees who were relevant in the period	FTE employee number
1	1

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

Total cost of facility time	£2K
Total pay bill	£7,986K
Percentage of total bill spent on facility time	0.025%

Time spent on paid trade union activities as a percentage of total paid facility time	60%
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### 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 2019 to 31 July 2020, we believe that payments were made in line with the terms of our suppliers and our own policy.

## Members' report (continued)

**Post balance sheet events** - There have been no material post balance sheet events this year.

### Future developments

The Huish Corporation and Richard Huish Trust directors have continued their dialogue around closer collaboration. Huish continues to offer a range of back-office services to the Trust. The CEO, CFO and Chief People Officer are senior roles shared by both organisations. Huish Corporation members are continuing to assess the pros and cons of academisation.

In response to the ceasing of face to face teaching and learning delivery during the Covid-19 lockdown we switched to an online delivery approach. For September 2020 we have made changes to our timetable that allows us to revert back to a predominantly face to face delivery model, whilst at the same time improving our skills on online delivery technology should we be faced with either a local or national closure. Indications for September 2020 suggest that we will see an increase in our 16-18 student numbers, whilst this is very welcome many of our students rely on local public transport to get to and from college and consequently may find travelling a challenge. We have been working with Somerset County Council and local bus operators to secure the best services we can, accepting that for some students Covid-19 related public transport restrictions may ultimately present an insurmountable barrier.

We continue to work with employers through the delivery of apprenticeships. The economic backdrop is such that we recognise many employers will have to revisit their workforce planning ambitions in turn leading to a likely reduction in apprenticeship opportunities. We believe that for many of the employers we work with this will be a short-term reduction so remain hopeful that apprenticeship opportunities will increase in the medium term.

### 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. Our reserves include £24K (2018/19 £23K) reserves held as restricted. As at the balance sheet date the Income and Expenditure reserves deficit stands at £7,052K (2018/19 £2,444K). It remains the Corporation's intention to increase cash reserves over the life of the strategic plan through the generation of annual operating surpluses.

### Resources

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

- Financial - We have £4,964K of net assets (excluding the LGPS pension liability of £11,477K) and long-term debt of £1,162K.
- People - In the year to 31 July 2020, Huish employed 176 people (expressed as full-time equivalents), of whom 93 were teaching staff.
- Reputation - Huish has an excellent reputation locally, regionally and nationally. The retention of our Highly Trusted Sponsor status and growth in student recruitment demonstrates that our international reputation is growing year-on-year. 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 2019/20 79% 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 £258K of ESFA grant to fund the Teachers' Pension scheme employer contribution increase, arising from the March 2019 actuarial valuation. This funding has been guaranteed by Government until March 2021. We expect this funding to continue although we accept that this assumption is inherently risky given the profound impact of Covid-19 on Public Finances. There was an expectation in the sector that the rate of funding increase seen in 2018/19 would be part of a structured longer-term review of post 16 funding, this is less likely because of Covid-19.

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 vocational areas, across new levels of qualifications and work-based learning,
- 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 total number of international 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, 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

Government policy continues to have significant potential impact on our College and the post-16 education sector generally. The publication of the White Paper on the future of Further Education has been delayed. We expect that the paper will respond to key FE focused recommendations made within the Augar review of post-18 education, the emphasis of which is aligned more to the FE college sector rather than 6<sup>th</sup> Form Colleges.

Corporation members will continue to assess the relevance of the Post-16 Further Education sector to the overall vision and strategic direction of the college.

Risk associated with changes in government policy is mitigated in a number of 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.

#### 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 are likely to see a growth in lower sixth recruitment in September 2020. Assuming we retain our market share, we expect this growth to continue. The Covid-19 pandemic has undoubtedly contributed to the slowing down of housing development in the immediate Taunton area, Government initiatives around Stamp Duty will hopefully reverse this trend certainly in the short term. We are seeing a growth in pupils within our Taunton based MAT schools. 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 demographic predictions 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 1<sup>st</sup> May 2018. North Town Primary School joined the Trust on the 1<sup>st</sup> April 2019. The Trust opened its first 'Free School', Nerrols Primary School, in September 2019.

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. The sponsorship will widen access to the College's educational resources and will have an undoubted benefit for Academy students. Our expectation is that the Trust will further increase its membership in 2020/21.

It is not possible to fully assess the long-term impact of potentially complex developments. Proactive risk management will mitigate the risks in the following ways:

- Huish is a leader 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 in order 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,

## **Members' report (continued)**

### **Principal risks and uncertainties (continued)**

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

- 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.

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

The Government decision to revert to Centre Assessed Grades for the Summer 2020 exam series reversed what would have been the worst set of results for Huish on record. Whilst this was welcome news there remains the issue of the impact of the Covid-19 lockdown on progress for our students due to sit their exams in the Summer of 2021. Huish continued to deliver learning online throughout the lockdown across all our programmes of study, student participation was generally good although the engagement and experience of some students was less positive. We have increased our tutorial support for all students from September 2020, teaching colleagues have planned catch-up work for all new upper sixth students. We are awaiting more clarity from examination Awarding Bodies for the Summer 2021 exam series. We will adapt our delivery and support as necessary.

Creating a safe environment for our students and staff to return to face to face learning in September has been a priority for Huish. We have adapted our 16-19 timetable to reduce the number of students on site at any one time, staff are encouraged to work from home if their role allows it or if they are not teaching. We have adapted the layout of our classrooms to make sure that we meet Government guidelines. Classrooms are sanitised each lunchtime. Our plans have been developed in conjunction with Union colleagues. We have clearly incurred additional costs outside of our original budgets but will look to manage the financial impact as best we can.

From a financial health perspective, we have seen a decline in apprenticeship activity and International student recruitment. We moderated our income targets within our budgets for 2020/21 to reflect the current environment, early indications are that we are slightly down against targets. 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. Based on predictions we do not foresee any requirement for third-party support.

#### **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 2019/20 and has guaranteed funding until March 2021. We expect this funding to remain in place for the remainder of the 2020/21 year at least.

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 6<sup>th</sup> form colleges. We have undertaken a review of the membership of our scheme in an attempt to establish any obvious reasons as to why our scheme liability is so far removed from the sector average, unfortunately this work has not improved our understanding.

#### **International students**

The College retains its Highly Trusted Sponsor (HTS) status. Our primary market, Hong Kong, has seen a falling demographic over the past two years. Recruitment for September 2020, despite the demographics improving, has been negatively impacted by the Covid-19 pandemic. We are now unlikely to see an increase in student numbers until September 2021. We have moderated our growth expectations in our more recent financial plans to reflect these uncertainties, and in particular the impact of the pandemic.

Oak House, our student accommodation facility, was available for students from September 2017. The 2019/20 year saw the centre running at capacity with a mixture of all-week boarding International students and UK based students

## Members' report *(continued)*

### Principal risks and uncertainties *(continued)*

#### International students *(continued)*

wishing to board during the week. There remains the risk that the accommodation block costs will not be covered by income from residents, this is offset by the increase in International student tuition fee income possible only through having the facility. We expect this to be the case for the foreseeable future.

#### 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. Whilst we remain reasonably confident that we can accommodate any student growth within the mix of specialist and general classrooms we are less confident in the capacity of our tutorial and student recreational spaces. The priority for ESFA grant support is currently based on building condition. Should this remain the priority our options would be to:

- Review our curriculum offer and place restrictions on enrolment numbers for the most popular courses.
- Invest in new facilities using college reserves and new debt, using the increased funding from enrolments to fund any debt servicing costs
- Move back offices services off-site to free up additional space
- Move apprenticeship and adult learning off-site

#### Stakeholder relationships

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

- students
- parents/carers
- funding agencies
- staff
- governors
- employers
- local authorities, government offices and regional agencies
- the local community
- other educational institutions
- trades unions
- professional organisations
- trustees
- 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.

## Members' report *(continued)*

### Staff, student and parent involvement

The Corporation, the Principal 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 Principal 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.

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 with regard to the up-to-date and lived experience of progression routes (including university experience) that they provide.



## Members' report (continued)

### 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.

### 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.

## **Members' report** *(continued)*

### **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 7<sup>th</sup> December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'David Griffin', with a horizontal line underneath.

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

The College endeavours to conduct its business:

- 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 2019 to 31 July 2020**

The Richard Huish College Corporation has determined that the Corporation should comprise up to 20 members at any given time. As at 31 July 2020 the Corporation comprised 20 Governors.

- the Principal,
- 3 Foundation members,
- 2 Staff members,
- 1 Parent member,
- 2 Student members,
- 9 Other members,
- 2 Co-opted members without voting rights.

The Corporation Chair at the start of the year stepped down in December 2019 and subsequently resigned in February 2020. The Corporation appointed Mr D Griffin as interim Chair in January. This position was subsequently made permanent in May 2020.

Four members' terms of office came to an end during 2019-20 and were re-appointed in accordance with the Governor Recruitment, Succession and Renewal procedure. An additional member's term of office came to an end in the year, they were re-appointed as a co-opted member. Two student members were appointed in the year along with one new external member and one staff member. Five members, including the chair resigned in the year.

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.

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

### The Corporation from 1 Aug 2019 to 31 July 2020 (continued)

Name	Date of Appointment for Current Term	Term of Office	Date of Resignation/ End of appointment	Status of Appointment	Committees Served on in 2019/20  Bold text indicates chair of committee	% FGB Required attendance
Mr J Abbott	18.06.2013	Indefinite	-	CEO	Finance and General Purposes, Personnel, Search and Governance	100
Mr G Adams	24.09.2018	2 years to 30.09.2020	-	Foundation Member	Remuneration, Finance and General Purposes, Personnel, Search and Governance	100
Mr D Alexander	23.09.2016	4 years to 30.09.2020	25.2.2020	Member <b>Governing Body (GB) Chair to 17.12.2019</b>	Finance and General Purposes, Personnel, Search and Governance, Remuneration	100
Mrs B Barratt	31.12.2017	4 years to 31.12.2021	-	Member GB Vice Chair	Academic Planning and Quality, Personnel, Search and Governance, Remuneration	100
Mrs S Burns	30.11.2019	4 years to 30.11.2023	06.07.2020	Member	Audit	100
Ms Y Cao	02.12.2019	To 31.07.2020	-	Student Member		100
Mr P Flaherty	31.03.2020	4 years to 31.03.2024	-	Member	Audit	20
Mr D Griffin	01.07.2020	5 years to 31.07.2023	-	Member Chair from 13.01.2020 to 31.08.2022	Audit	100
Dr S Haydock	27.03.2017	4 years to 31.03.2021	18.11.2019	Member	Academic Planning and Quality, Audit	0
Mrs A Helsby	01.01.2020	4 years to 31.12.2019	26.09.2020 as a member	Co-opted from December 2019	Remuneration	100
Mr J Langdon	01.05.2017	4 years to 31.05.2021	-	Foundation Member GB Vice Chair	Academic Planning and Quality, Finance and General Purposes	100
Mrs N Lewis	03.12.2018	4 years to 31.12.2022	-	Staff Member	Academic Planning and Quality	100
Mr D Maycock	18.05.2020	4 years to 17.05.2024	-	Member	Audit	50
Mr M Morgan	01.01.2020	4 years to 31.12.2024	-	Staff Member		67
Mrs N Reid	04.12.2017	4 years to 31.03.2021	-	Member	Audit	100
Mrs M Reynolds	04.12.2017	4 years to 31.12.2021	-	Parent Member	Personnel, Search and Governance	80
Ms V Sadler	01.01.2020	3 years 7 months to 31.07.2023	-	Member	Personnel, Search and Governance	100
Ms C Shortland	02.12.2019	To 31.07.2020	-	Student Member		100
Mr A Smith	25.03.2019	4 years to 31.03.2023	17.07.2020	Member	Finance and General Purposes	100
Mr K Tharmananthar	12.04.2018	4 years to 30.04.2022	-	Member	Finance and General Purposes, Safeguarding lead	80
Dr M Tighe	31.12.2019	2 years to 31.12.2021	-	Foundation Member	Academic Planning and Quality, Safeguarding lead	100
Mr D Tomaney	31.03.2020	4 years to 31.03.2024	-	Member	Academic Planning and Quality, Finance and General Purposes	100
Xanne Blythe			31.05.2020	Clerk		

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

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

During the lockdown period Huish was not required to undertake any assessment of contractual payments in relation to the Government Procurement Policy Notices issued because of the Covid-19 pandemic.

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 31 July 2020, 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 31 July 2020 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 2019/20. 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. 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 2019/20, focusing on apprenticeship funding and safer staff recruitment. The latter review was completed in December 2019, unfortunately the apprenticeship funding review was postponed because of the Covid-19 lockdown and will be re-arranged for the Autumn term 2020.

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 by the College's Internal and Financial Statements Auditor who 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 Internal Audit Service undertakes 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.

## 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 Principal 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 31 July 2020 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 31 July 2020 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. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation,
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts,
- setting targets to measure financial and other performance,
- clearly defined capital investment control guidelines,
- 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 Principal'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. College managers and the Audit Committee also receive regular reports from internal audit, which include recommendations and advice for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes 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 2020 meeting, the Corporation reviewed the annual assessment for the year ended 31 July 2020 by considering documentation from College managers, its Committees and the Internal Auditor.

Based on the advice of the Audit Committee's annual report 2019/20 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

The impact of the Covid-19 pandemic on financial performance has not been significant in 2019/20. Financial estimates for 2020/21, including a detailed cash flow forecast, reflect the impact of the pandemic. Banking covenants have not been breached in the year and are not expected to be breached in the foreseeable future.

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

Approved by order of the members of the Corporation on 7<sup>th</sup> December 2020 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 are able to 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

## **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 2015 and with the College Accounts Direction 2019 to 2020 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 in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation; 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 in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 7th December 2020 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 year ended 31 July 2020 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 2019 to 2020.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 31 July 2020 and of the corporation's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP and the College Accounts Direction 2019 to 2020.

### **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.

### **Conclusions relating to going concern**

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

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

### **Other information**

The 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 corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 26, 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the corporation, 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*

### **Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2<sup>nd</sup> Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 05/01/2021

## **Reporting accountant's assurance report on regularity to the Corporation of Richard Huish College ("Richard Huish 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 Richard Huish College during the period 1<sup>st</sup> August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the 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 Richard Huish 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 Richard Huish 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 Richard Huish College and the Department for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Richard Huish College and the reporting accountant**

The Corporation of Richard Huish 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<sup>st</sup> August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued 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<sup>st</sup> August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Bishop Fleming LLP*

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2<sup>nd</sup> Floor Stratus House

Emperor Way

EX1 3QS

Date: *05/01/2021*

## Statements of Comprehensive Income for the year ended 31 July 2020

	Note	2020 £'000	2019 £'000
<b>INCOME</b>			
Funding body grants	2	8,645	8,497
Tuition fees and education contracts	3	594	890
Other grants and contracts	4	43	33
Other income	4	1,097	1,241
Endowment and investment income	5	14	13
Donations and Endowments	4	10	26
<b>Total income</b>		<b>10,403</b>	<b>10,700</b>
<b>EXPENDITURE</b>			
Staff costs	6	8,114	8,174
Other operating expenses	7	1,952	2,226
Depreciation	10	710	679
Interest and other finance costs	8	214	240
<b>Total expenditure</b>		<b>10,990</b>	<b>11,319</b>
<b>Deficit before other gains and losses</b>		<b>( 587)</b>	<b>(619)</b>
Loss on disposal of assets	10	-	-
<b>Deficit before tax</b>		<b>( 587)</b>	<b>(619)</b>
Taxation	9	-	-
<b>Deficit for the year</b>		<b>( 587)</b>	<b>(619)</b>
Actuarial (loss) in respect of pensions schemes	18	( 4,048)	(79)
<b>Total Comprehensive Income for the year</b>		<b>( 4,635)</b>	<b>(698)</b>

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

The notes on pages 35 to 57 form part of the financial statements.

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

	Statement of Comprehensive Income	Revaluation reserve	Sports equipment restricted reserve	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1st August 2018</b>	( 1,774)	1,732	-	( 42)
Deficit from the income and expenditure account	( 619)	-	-	( 619)
Other comprehensive income	( 79)	-	-	( 79)
Transfers between revaluation and income and expenditure reserves	28	( 28)	-	-
Transfers between Sports restricted reserve and expenditure	-	-	23	23
	( 2,444)	1,704	23	( 717)
<b>Balance at 31st July 2019</b>	( 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)	-	-
<b>Total comprehensive income for the year</b>	( 4,608)	( 27)		( 4,635)
Transfers between Sports restricted reserve and expenditure reserves	-	-	1	1
<b>Balance at 31st July 2020</b>	( 7,052)	1,677	24	( 5,351)

The notes on pages 35 to 57 form part of the financial statements.



## Balance sheets as at 31 July 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	10		14,735		14,662
<b>Current assets</b>					
Trade and other receivables	12	762		549	
Cash and cash equivalents	17	1,817		1,824	
		<u>2,579</u>		<u>2,373</u>	
<b>Less: Creditors – amounts falling due within one year</b>	13	(2,631)		(2,426)	
<b>Net current assets</b>			(52)		(53)
<b>Total assets less current liabilities</b>			14,683		14,609
Creditors – amounts falling due after more than one year	14		(8,557)		(8,514)
<b>Provisions</b>					
Defined benefit obligations	18		(11,477)		(6,812)
<b>Total net liabilities</b>			<u>(5,351)</u>		<u>(717)</u>
<b>Reserves</b>					
Sports Equipment Restricted Reserve			24		23
Revaluation reserve			1,677		1,704
Income and expenditure account			(7,052)		(2,444)
<b>Total reserves</b>			<u>(5,351)</u>		<u>(717)</u>

The financial statements on pages 31 to 33 were approved and authorised for issue by the Corporation on 7 December 2020 and were signed on its behalf on that date by:



**Mr D Griffin**  
Chair



**Mr John Abbott**  
Accounting Officer

The notes on pages 35 to 57 form part of the financial statements.

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

	<b>Note</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Cash inflow from operating activities</b>			
Deficit for the year		(587)	(619)
<b>Adjustment for non-cash items</b>			
Depreciation	10	710	679
(Increase)/decrease in trade and other receivables	12	(213)	344
Increase/(decrease) in creditors due within one year	13	178	(258)
Difference between pension charge and cash contribution	18	476	500
Deferred capital grants released to income	14	279	248
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(14)	(13)
Interest payable	8	214	240
Loss on sale of fixed assets	10	—	—
<b>Net cash flow from operating activities</b>		<b>1,043</b>	<b>1,121</b>
<b>Cash flows from investing activities</b>			
Capital grant receipts		14	(167)
Payments made to acquire fixed assets	10	(783)	(675)
		<b>(769)</b>	<b>(842)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(72)	(82)
Interest element of finance lease rental payments	8	(1)	(2)
Interest received	5	14	13
Repayments of amounts borrowed	15	(211)	(214)
Capital element of finance lease rental payments	15	(11)	27
		<b>(281)</b>	<b>(258)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(7)</b>	<b>21</b>
Cash and cash equivalents at beginning of the year	17	1,824	1,803
Cash and cash equivalents at end of the year	17	1,817	1,824

The notes on pages 35 to 57 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 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2017 to 2018 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.

#### ***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***

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

Huish currently has £810K (2018/19 £952K) of loans outstanding with bankers with a further £552K (2018/19 £622K) being owed to the ESFA as part of the funding package for the new Sports Hall. Our financial forecasts indicate that we will continue to generate operating and cash surpluses for the foreseeable future. This will ensure that we will continue to be able to fulfil the requirements of our borrowing facilities and operate within the covenants laid down by our bankers.

The terms of the existing agreements are set out in Note 15. Our forecasts and financial projections indicate that we will be able to operate within this existing facility and covenants for the foreseeable future.

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

#### **Recognition of income**

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.

## Notes (continued)

### 1 Statement of accounting policies (continued)

#### Recognition of income (continued)

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.

#### 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*

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

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

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

##### *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 1<sup>st</sup> 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.

##### **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 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## Notes (continued)

<b>2 Funding Body grants</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	101	77
Education and Skills Funding Agency – 16 -18	7,175	7,263
Education and Skills Funding Agency - apprenticeships	803	848
Office for Students/Higher Education Funding Council	–	21
<b>Specific Grants</b>		
Teacher Pension Scheme contribution grant	258	–
Industry placements capacity and delivery fund	37	–
ESFA - Advanced Learning Loans	16	17
ESFA - Devolved Formula Capital Grant	–	47
Releases of government capital grants	255	224
<b>Total</b>	<b>8,645</b>	<b>8,497</b>

<b>3 Tuition fees and education contracts</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Apprenticeship fees and contracts	21	29
Fees for HE loan supported courses	13	202
Full cost recovery	101	113
International students fees	446	544
Total tuition fees	581	888
Education contracts	13	2
<b>Total</b>	<b>594</b>	<b>890</b>

### **Tuition fees funded by bursaries**

There are no tuition fees funded by bursaries.



## Notes (continued)

4 Other income	2020	2019
	£'000	£'000
Coronavirus Job Retention Scheme grant	14	–
Residences, catering and conferences	149	54
Other income generating activities	897	1,128
European Commission	43	33
Examination fee income	13	35
Unrestricted donations	10	26
Release of non-government capital grants	24	24
<b>Total</b>	<b>1,150</b>	<b>1,300</b>

The Corporation furloughed staff, for example, some of the apprenticeship team, under the government's Coronavirus Job Retention Scheme. The funding received of £14,000 related to staff costs which are included within the staff costs note 6 on the following page.

5 Investment income	2020	2019
	£'000	£'000
Other interest receivable	14	13
<b>Total</b>	<b>14</b>	<b>13</b>

## Notes (continued)

### 6 Staff numbers and costs

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Teaching staff	130	129
Non-teaching staff	117	140
<b>Total</b>	<b>247</b>	<b>269</b>
<b>Staff costs for the above persons</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,845	6,121
Social security costs	516	544
Employer Pension costs	1,611	1,443
Apprenticeship levy	14	16
<b>Payroll sub total</b>	<b>7,986</b>	<b>8,124</b>
Contracted out staffing services	45	22
	<b>8,031</b>	<b>8,146</b>
Restructuring costs - contractual	13	28
non contractual	70	–
<b>Total</b>	<b>8,114</b>	<b>8,174</b>

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team that comprises the CEO, Principal, Deputy Principal, Vice Principal, HR Director, four Assistant Principals, the Director of Marketing and Recruitment and Director of IT and Facilities, and the Director of Apprenticeships

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

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July</b>	<b>31 July</b>
	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
The number of key management personnel including the Accounting Officer was:	11	10

## 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	
	Year ended 31 July 2020	Year ended 31 July 2019	Year ended 31 July 2020	Year ended 31 July 2019
	Number	Number	Number	Number
£25,001-£30,000	1	–		
£30,001 -£35,000	1	–		
£35,001 - £40,000	2	–		
£40,001 - £45,000	–	1		
£45,001 - £50,000	1	2		
£50,001 - £55,000	2	2		
£55,001 - £60,000	–	1		
£60,001 - £65,000	1	–		
£70,001 - £75,000	–	1		
£75,001 - £80,000	1	–		
£80,001 - £85,000	1	2		
£125,001 - £130,000	–	1		
£130,001 to £135,000	1	–		
<b>Total</b>	<b>11</b>	<b>10</b>	<b>–</b>	<b>–</b>

### 6 Staff costs

Key management personnel compensation is made up as follows:

	2020	2019
	£'000	£'000
Salaries	595	600
Employer's National Insurance contributions	74	72
Benefits in kind	–	–
	<b>669</b>	<b>672</b>
Pension contributions	120	94
<b>Total key management personnel compensation</b>	<b>789</b>	<b>766</b>

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

## Notes (continued)

### Key management personnel (continued)

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	131	130
Benefits in kind	–	–
	<b>131</b>	<b>130</b>
Pension contributions	30	21
<b>Total emoluments</b>	<b>161</b>	<b>151</b>

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 Local Government Pension Schemes and are paid at the same rate as 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 the 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 CEO/Principal pay and remuneration expressed as a multiple

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Principal and CEO's basic salary as a multiple of the median of all staff	4.51	4.73
Principal and CEO's total remuneration as a multiple of the median of all staff	4.83	4.84
<b>Compensation for loss of office paid to former key management personnel</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Compensation paid to the former post-holder - non contractual	28	–
PILON	14	–
Holiday Pay	8	–
Estimated value of other benefits, including provisions for pension benefits	4	–
	<b>54</b>	<b>–</b>

The severance payment was approved by the College's remuneration committee.

## Notes (continued)

<b>7 Other operating expenses</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	522	742
Non-teaching costs	722	796
Premises costs	708	688
<b>Total</b>	<b>1,952</b>	<b>2,226</b>

<b>Other operating expenses include:</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	18	16
Internal audit	2	7
Hire of assets held under operating leases	363	348
Pension Administration expenses	6	7

<b>8 Interest payable</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:	72	82
On finance leases	1	2
Pension finance costs (note 18)	141	156
<b>Total</b>	<b>214</b>	<b>240</b>

## 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	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2019	19,502	4,971	-	24,473
Additions	97	223	463	783
Disposals	( 240)	( 2,068)	-	( 2,308)
Transfers	( 35)	35	-	-
<b>At 31 July 2020</b>	<b>19,324</b>	<b>3,161</b>	<b>463</b>	<b>22,948</b>
<b>Depreciation</b>				
At 1 August 2019	5,325	4,486	-	9,811
Charge for the year	504	206	-	710
Elimination in respect of disposals	( 240)	( 2,068)	-	( 2,308)
Transfers	437	( 437)	-	-
<b>At 31 July 2020</b>	<b>6,026</b>	<b>2,187</b>	<b>-</b>	<b>8,213</b>
<b>Net book value at 31 July 2020</b>	<b>13,298</b>	<b>974</b>	<b>463</b>	<b>14,735</b>
<b>Net book value at 31 July 2019</b>	<b>14,177</b>	<b>485</b>	<b>-</b>	<b>14,662</b>

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.

## Notes (continued)

<b>11 Current asset Investments</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Cash investment	750	750
<b>Total</b>	<b>750</b>	<b>750</b>
<b>12 Debtors</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade receivables	458	295
Prepayments and accrued income	304	254
<b>Total</b>	<b>762</b>	<b>549</b>
<b>13 Creditors: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans (note 15)	223	212
Obligations under finance leases	11	11
Trade payables	175	167
Fixed asset Creditor	118	
Payments received on account	107	139
Other taxation and social security	396	330
Deferred income - government capital grants	261	246
Deferred income - other grants	25	24
Accruals and deferred income	1,183	1,051
Amounts owed to the ESFA relating to AEB contract under-performance	10	20
Amounts received from ESFA re capital projects-payments on account	122	226
<b>Total</b>	<b>2,631</b>	<b>2,426</b>

The bank loans are unsecured. Obligations under finance leases are secured against the assets to which they relate.

## Notes (continued)

14 Creditors: amounts falling due after one year	2020	2019
	£'000	£'000
Bank and other loans (note 15)	1,139	1,362
Obligations under finance leases	23	34
Deferred income - government capital grants	7,277	6,975
Deferred income-other	118	143
<b>Total</b>	<b>8,557</b>	<b>8,514</b>

The bank loans are unsecured. Obligations under finance leases are secured against the assets to which they relate.

15 Analysis of borrowings	2020	2019
	£'000	£'000
<b>Bank loans and borrowing from the ESFA</b>		
Loans and overdrafts are repayable as follows:		
In one year or less	223	212
Between one and two years	235	223
Between two and five years	730	742
In five years or more	174	396
	1,139	1,361
<b>Total</b>	<b>1,362</b>	<b>1,573</b>

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:	2020	2019
	£'000	£'000
Fixed rate	1,362	1,573
<b>Total</b>	<b>1,362</b>	<b>1,573</b>

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



## Notes (continued)

### 15 Analysis of borrowings (continued)

Finance leases	2020	2019
	£'000	£'000
The net finance lease obligations to which the institution is committed are:		
In one year or less	11	8
Between two and five years	23	29
In five years or more	-	-
<b>Total</b>	<b>34</b>	<b>37</b>

Finance lease obligations are secured on the assets to which they relate.

16 Provisions	Defined benefit Obligations £'000
At 1 August 2019	(6,812)
Movement in year (see note 18)	(4,665)
<b>At 31 July 2020</b>	<b>(11,477)</b>

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 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Cash	1,074	(7)	1,067
Other liquid investments	750	-	750
<b>Cash and cash equivalents per the cash flow statement</b>	<b>1,824</b>	<b>(7)</b>	<b>1,817</b>

## 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 year	2020 £'000	2019 £'000
Teachers' Pension Scheme: contributions paid	732	537
Local Government Pension Scheme:		
Contributions paid	409	413
FRS 102 (28) charge	470	493
<b>Total Pension Cost for the year within staff costs</b>	<b>1,611</b>	<b>1,443</b>

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 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £123,881 (2018/19 £107,259) 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 2019.

The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £20 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 2019-20 academic year.

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

The pension costs paid to TPS in year amounted to £732K (2018/19 £537K)

#### 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 year ended 31 July 2020 was £555K of which employer's contributions totalled £409K and employees' contributions totalled £146K. 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 2016 updated to 31 July 2020 by a qualified independent actuary

	31 July 2020	31 July 2019
	%	%
Inflation assumption (CPI)	2.20	2.35
Inflation assumption (RPI)	3.00	3.35
Rate of increase in salaries	2.20	2.35
Future pensions increases	2.20	2.35
Discount rate for scheme liabilities	1.40	2.15
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:

	31 July 2020	31 July 2019
	years	years
<i>Retiring today</i>		
Males	23.3	22.9
Females	24.8	24.0
<i>Retiring in 20 years</i>		
Males	24.7	24.6
Females	26.2	25.8

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

	Long-term rate of return expected at 31 July 2020 %	Fair Value at 31 July 2020 £'000	Long-term rate of return expected at 31 July 2019 %	Fair Value at 31 July 2019 £'000
Equities	2.00	6,314	2.15	6,169
Gilts	2.00	547	2.15	523
Bonds	2.00	937	2.15	789
Property	2.00	730	2.15	730
Cash	2.00	478	2.15	534
<b>Total market value of assets</b>		<b>9,006</b>		<b>8,745</b>

## 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:

	2020	2019
	£'000	£'000
Fair value of plan assets	9,006	8,745
Present value of plan liabilities	( 20,483)	( 15,557)
<b>Net pensions liability</b>	<b>( 11,477)</b>	<b>( 6,812)</b>

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

	2020	2019
	£'000	£'000
<b>Amounts included in staff costs</b>		
Current service cost	879	899
Past service cost	-	7
<b>Total</b>	<b>879</b>	<b>906</b>
<b>Amounts included in investment income</b>		
Net interest payable	141	156
<b>Total</b>	<b>141</b>	<b>156</b>
<b>Administration expenses</b>	<b>6</b>	<b>7</b>

#### Amounts recognised in Other Comprehensive Income

Return on pension plan assets	( 21)	267
Change in demographic assumptions	125	892
Changes in assumptions underlying the present value of plan liabilities	( 4,152)	( 1,238)
<b>Amount recognised in Other Comprehensive Income</b>	<b>( 4,048)</b>	<b>( 79)</b>

## Notes (continued)

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

<b>Movement in net defined benefit liability during the year</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Deficit in scheme at 1 August	( 6,812)	( 6,077)
Movement in year:		
Current service cost	( 879)	( 899)
Administration expenses	( 6)	( 7)
Employer contributions	409	413
Past service cost	-	( 7)
Net interest on the defined liability	( 141)	( 156)
Return on net assets	( 4,048)	( 79)
<b>Net defined benefit liability at 31 July</b>	<b>( 11,477)</b>	<b>( 6,812)</b>
<b>Asset and Liability Reconciliation</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
Liabilities at the start of the period	15,557	14,045
Current Service cost	879	899
Capitalised gain members transferring out	32	-
Interest cost	330	371
Contributions by Scheme participants	146	152
Changes in demographic assumptions	( 125)	( 892)
Changes in financial assumptions	2,969	1,238
Experience loss/(gain) on defined benefit obligation	1,183	-
Estimated benefits paid	( 433)	( 263)
Liabilities assumed/(extinguished) on settlements	( 55)	-
Past Service cost	-	7
<b>Defined benefit obligations at end of period</b>	<b>20,483</b>	<b>15,557</b>
<b>Changes in fair value of plan assets</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Assets at the start of the period	8,745	7,968
Interest on plan assets	189	215
Return on plan assets	( 18)	267
Administration expenses	( 6)	( 7)
Employer contributions	409	413
Contributions by Scheme participants	146	152
Other actuarial gains/(losses)	( 3)	-
Estimated benefits paid	( 433)	( 263)
Settlement prices received/(paid)	( 23)	-
<b>Assets at the end of the period</b>	<b>9,006</b>	<b>8,745</b>

Notes *(continued)*

<b>19 Capital commitments</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for as at 31 July	<b>423</b>	-

**20 Lease obligations**

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Equipment		
Expiring - within one year	18	14
Expiring - within two and five years	30	11
	<u>48</u>	<u>25</u>
Property lease		
Expiring - within one year	347	330
Expiring - within two and five years	1,149	1,495
Expiring - after five years		-
	<u>1,496</u>	<u>1,825</u>
	<b><u>1,544</u></b>	<b><u>1,850</u></b>

## Notes (continued)

### 21 Related party transactions

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 year 2019/20 the College paid to a staff family member £1,550 for services to the College. (2018/19 £3,775)

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 2019/20, the College received a donation from the Foundation for the student liaison officer to support students amounting to £10K (2018/19 £25k). The Richard Huish College Foundation reports annually to the Charity Commission and submits 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 Trust now also comprises West Buckland Primary School, North Curry C of E Primary School, North Town Primary School and Nerrols Primary School who transferred to Richard Huish Trust under the same arrangement.

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. Three 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 2019/20 Richard Huish College provided a range of services to Richard Huish Trust at cost, categorised as below:

Senior Leadership and back office services £218,760 (2018/19 £195,567)

Cleaning and caretaking staffing £18,962 (2018/19 £63,013)

Reprographic and printing services £1,041 (2018/19 £9,029)

Catering services £8,206 (2018/19 £3,899)

IT and other ad hoc services £17,516 (2018/19 £6,161)

In January 2020 several members of staff that were employed by the College but were deployed solely on Trust activities had their contracts of employment transferred to the Trust



## Notes (continued)

22 Amounts disbursed as agent	2020	2019
	£'000	£'000
<b>Learner support funds</b>		
Brought forward balance	32	( 4)
Funding body grants - Free School Meals	16	18
Funding body grants – bursary support	146	140
Funding body grants – discretionary learner support	-	-
	<hr/>	<hr/>
Disbursed to students	( 141)	( 114)
Administration costs	( 7)	( 8)
	<hr/>	<hr/>
<b>Balance (overspent)/underspent as at 31 July, included in creditors</b>	<b>46</b>	<b>32</b>

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	24	28
Funding Body grants received in year	50	56
Disbursed to employers	( 45)	( 60)
	<hr/>	<hr/>
<b>Balance remaining to be disbursed as at 31 July, included in creditors</b>	<b>29</b>	<b>24</b>

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.