

PLUMPTON COLLEGE

Report and Financial Statements for the year ended 31 July 2020

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INTRODUCTION BY THE CHAIR

As the new Chair of Plumpton College Governing Board, I have pleasure in commending to you the 2019/2020 Annual Report.

I am extremely proud of what Plumpton College has achieved during this period and of our continuing ambition to be an innovative and inspirational college which is at the heart of the local and regional community.

Despite the fact that the ongoing COVID-19 pandemic delivered an unexpected shock and continues to remain challenging, this report is an opportunity to celebrate and showcase the achievements the College has made over the past 12 months and to reflect thoughtfully on what we would like to achieve in the months ahead.

Throughout the year, the themes of flexibility and resilience have been evident. Over a challenging year our young people, apprentices and adult learners have continued to be successful, with the college achieving an excellent set of academic results and a wide range of individual student accomplishments. Our staff and students have adapted skilfully and with ease to a blended learning approach that has enabled us to maintain high quality learning.

The College's financial position has improved over the past twelve months and is part of a continued journey of improved sustainability. Our agile approach to financial control and management, alongside financial prudence has ensured that the College maintained a positive financial outturn in the light of both Covid-19 and the uncertainties around the impact of Brexit on the Land-Based sector.

We have continued to implement our College property masterplan through the development of facilities that meet the changing needs of learners, industry and the local community. Facilities at One Garden in Brighton are near completion and we are already seeing the benefits and opportunities this provides. This, alongside new Agriculture and Food facilities planned for at the Plumpton College site, will provide world-class teaching and learning spaces, enabling students and local businesses to broaden their horizons and learning experiences. We are also very excited about the potential impact these facilities will have both regionally and nationally.

I would like to take this opportunity to thank everyone at the college for their contribution to the success of the College. I am also most grateful to my fellow Governors, who have moved swiftly to holding virtual meetings and overseen another year of progress in such a challenging year. My best wishes and thanks go to all of those governors whose terms of office finished over the year and we also welcome new appointments to the Governing Board who bring with them a diverse set of skills and backgrounds. In particular, I would like to pay tribute to Stan Stanier who has been Chair of the Governing Board since 2007 until July 2020 for his outstanding service and commitment to the College and the Governing Board.

Over 2019/2020 we have maintained our vision and our core values which underpin all that we do and aspire to achieve. These achievements have provided us with the necessary resilience to meet challenges together. We are now well placed to play a pivotal role in the economic recovery of Sussex and more widely post COVID-19. We aim to be at the forefront of the skills revolution within the land-based sector, addressing both training gaps and re-training opportunities for young people and adults which meet our regional economic needs. In achieving this, Plumpton College will be placed at the 'heart of its local community'.

STRATEGIC REPORT

The Governors of Plumpton College are pleased to present their report and the audited financial statements For the Year Ended 31 July 2020.

Mission

To consistently provide high quality training and education in a safe and welcoming environment that enables our students and employers to be successful.

Vision

To be an innovative and inspirational College delivering excellent education, training and research that enables our students and employers to play a leading role in future industry growth and development.

Values

- Ambitious and progressive
- Enterprising
- Professional
- Supportive
- Passionate about everything we do

Strategic Aims

1. To provide an innovative and inspiring learning experience enabling everyone to fulfil their potential
2. To offer a dynamic curriculum that enhances personal development and supports the growth and development of the industries we serve
3. To develop sustainable and enterprising relationships with employers, schools and key partners to enhance student experience, prospects and sector business
4. To provide inspirational learning spaces and state of the art facilities which showcase best practice, embrace technological advances and maximise student progress
5. To manage resources efficiently and commercially to be ever-more resilient and sustainable
6. To attract, retain and develop an ambitious, high performing and professional workforce committed to delivering excellence to all

Key Achievements

1. Outstanding whole college response to Covid-19, resulting in over 2000 students continuing learning online
2. Excellent retention and achievement rates for 16-18 and 19+ learners across all study types
3. Outstanding financial outturn in the light of Covid-19
4. Excellent progress in the provision of inspirational and professional learning environments across the wider college estate
5. Strong staff morale and recognition of improving leadership and communication across the college.

STRATEGIC REPORT

Chief Executives Report

In what has been an incredibly challenging year due to the Coronavirus pandemic, all members of the College's board and staff can be extremely proud of not only our college wide response to that situation but the continued progress and achievements we and our students have made in spite of it.

At the time of lockdown, the college's business continuity management team had already begun instigating a range of mitigation and contingency measures to safeguard the welfare of college staff, students and animals, whilst maintaining a priority focus on continued teaching and learning. Within 48hrs of the college closing to students, over 2000 (including all study programme and HE students and a large proportion of apprenticeship and part time course students) were being taught online. The college remained open to a skeleton staff team to provide essential services, whilst all other academic and support teams adapted quickly to working from home. In addition to online teaching, over 200 vulnerable students were identified and supported, in excess of 40 laptops loaned out to students in their homes, and over 300 prospective students were interviewed for the coming academic year.

The majority of college courses saw very high levels of student engagement with online learning, and the outstanding efforts of staff across the college resulted in high student retention levels pre-lockdown (93%) being sustained, to achieve the college's highest retention figure for full time HE and study programme students for some three years.

Staff worked tirelessly to also modify student assessments and for FE provision, calculate grades based on the methodology announced by Ofqual. Driven by those high engagement levels and the very good progress of students prior to lockdown, this has resulted in excellent pass rates for students across the college, and achievement rates of near or at the 90th percentile for most courses. This places the college firmly within the top 10% of providers nationally, and pleasingly, for a fourth consecutive year, GCSE English and maths results also exceeded the national average for high grades.

Whilst staff engagement with the use of learning technology is to be celebrated, there was some variability in the quality of online learning experience for students. True to the college's ethos of continuous improvement, we volunteered to be part of a national Ofsted review into the effectiveness of online learning and the valuable feedback this gave us provided the platform for driving wholesale changes to the delivery of our online learning in preparation for 20/21.

The college launched new peer tri-ads for teaching and learning development during the year, but the impact of Covid hampered measures to truly evaluate the impact on teaching and learning standards. Revised and more robust measures to both judge teaching and learning but provide increasingly individualised professional development for staff are priorities for the coming academic year, as is ensuring timely and impactful feedback to students at all levels.

The college's latest national apprenticeship programme was launched in-year for the Viticulture sector, building on the successful blended delivery model adapted for Booker, the RHS and the National Trust. Overall experience for these students is positive and the college continues to deliver high apprenticeship numbers across a range of standards. Timely achievement rates have been adversely affected by Covid, but the majority of apprentices were retained in their roles. Ensuring a consistently high quality experience for apprenticeship students and employers is a priority for the year ahead.

The College's Enquiries, Advice and Guidance systems and processes were revised at the start of the year, to ensure improved levels of customer service are consistently provided to all external clients, including current and prospective students. Careers training was provided to this team and the college's bespoke Careers service continues to grow and develop, with a far higher performance against the Gatsby benchmarks than the average for the county.

For 19/20, 16-18 student numbers achieved marginal growth for the fourth year in five, despite the demographic decline, and new start apprenticeship numbers continue to grow year on year. Adult and

HE numbers plateaued somewhat, although adults at full L3 taking out Advanced Learner Loans to study increased by a further 30%, demonstrating the continued strength of the career changer pathways available.

The lockdown period led to the development of a number of the college's student recruitment and conversion initiatives being taken online and by the end of the year virtual course information events were being held, extending prospective student reach nationally and globally. Despite the uncertainty of the pandemic, this all contributed to an early enrolment for 2020/21 that exceeded college budgetary targets for 16-18, adult, HE and apprenticeships.

This is a further sign of the college's continued establishment as the leading land based provider in Sussex and surrounding counties. Community relations remain strong, as influenced by the number of collaborative projects undertaken which benefit student learning, as well as the continued growth of apprenticeship provision, for which SMEs still make up a significant proportion. The college works closely with both the South East LEP and Coast to Capital LEP, with whom we retain excellent relationships and are engaged through skills boards, employer advisory panels and rural skills strategy groups.

The College's financial health, despite the pandemic, has improved over the past twelve months as part of a continued journey of improved sustainability. Highly effective financial control and management are at the heart of this, coupled with improved reporting and an overall more prudent approach. That continued review of operating systems and processes has again led to a more robust curriculum planning process which bodes particularly well for the coming year, but in the meantime to have achieved a second successive operating surplus in the circumstances is some achievement.

The College continues to invest over a quarter of a million pounds per year into estate capital and development works, and takes an ever more strategic approach to the development of its sites. The very difficult decision to close the Netherfield campus was taken due to it no longer being viable and the fact that most students from that area had begun travelling directly to Plumpton to study the same courses in far better facilities. The college's Plumpton site therefore remains the focus of planned future investment. The whole college site masterplan was approved by the South Downs National Parks Authority, with the Agri-Food project expected to begin in 2021. The development of the One Garden project at Stanmer was severely impacted initially by the very wet winter and then Covid, but is on track to open in the spring of 2021.

The College's ambition and aspiration for its students and for enabling a safe return to college for all, led to the early development of a delivery model for the year ahead comprising college and virtual days in learning. The development of new online learning platforms, delivery of substantial staff CPD and an incredible effort to have the site ready for the safe return of staff and students for the new academic year is a further testament to an incredibly committed staff body. In a very challenging year, it is without doubt that it was due to the timely and decisive actions of managers and the response of the whole staff body that resulted in the extremely high achievements of students and the college's strong financial outturn. Staff reported improved leadership, communication and support across the college in the end of year staff survey and our continued investment in providing a working environment in which individuals can thrive is integral to our future success.

As we strive for continuous improvement in all that we do, the college continues to take opportunities throughout the year and across the diversity of the business to welcome the independent feedback of external bodies and agencies. Our work with the Further Education Commissioner's team has continued to endorse the developmental actions taken to improve the College's long term sustainability and have recognised the impact leaders and governors have had in that. The college's last Ofsted FE and Skills visit was in 2018 (graded good) and for Safeguarding and Residential provision in 2019 (outstanding).

Stakeholder relationships

The College attaches much importance to maintaining and developing close and positive relationships with the College's stakeholders, both internal (students and staff) and the wide range of external stakeholders it serves or partners (employers and Local Enterprise Partnerships, local authorities and communities, voluntary bodies, schools, universities, and other Colleges). The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equal opportunities

Plumpton College is committed to ensuring equality of opportunity for all who learn and work here. The College respects and values positively differences in race, gender, sexual orientation, ability, class and age. The College strives vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005. Further details are available on the College website.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
- b) The College has appointed a Student Support Co-ordinator, who works with staff from across the organisation to ensure that appropriate and timely support is provided where necessary. The College also now has a specialist Learning Support team, overseen by a Learning Support Manager who liaises with students, parents, Local Authorities and external organisations to ensure that specialist learning needs of students are met.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The College has a policy in place regarding the admission of students. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Handbook, which provides details of a number of services accessible to students, as well as the College's expectations regarding behaviour and conduct, and the Complaints and Disciplinary Procedure

Principal Risks and Uncertainties

Risk management is integral to planning and control across the College, and is firmly embedded into the planning/control and decision-making process. Responsibility for identifying, assessing and managing risks is devolved to those responsible for delivering the relevant aims and objectives. Specific mitigating actions initiated or intensified in response to a new or growing risk are planned and controlled in the same way as any other action designed to deliver the business objective, not as part of a standalone Risk Management Action Plan. Corporation reviews the strategic risk register every 2 months and the risk policy every 2 years. In addition papers including the Principal's report, Management accounts and project updates include dedicated sections reporting risk.

Covid-19: The College has seen a significant impact on its income due to lockdown and social distancing measures. The Association of Colleges has commented on the financial impacts of Covid-19 on land based Colleges and those with high levels of commercial income which in other times are seen as an area of financial strength. In addition Covid-19 has led to a significant losses in respect of the pension scheme and the impairment of an asset, the adventure education centre at Bwlch Mwlchan, Snowdonia. The College rapidly took action to mitigate the financial impacts and maintain an operating surplus. For the year ahead the Colleges has undertaken scenario planning and approved new budgets at lower income levels that deliver an operating surplus. In addition the College has put in place policies, risk assessments and social distancing measures to minimise the operational impact.

Income: The College has reliance on continued government funding through the further and higher education sector funding body grants. Combined with a loss of fee and commercial income due to Covid-19 the proportion of College revenue from funding body grants has risen to 61.7% (2019: 56.7%). There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The College is aware of several issues which may impact on future funding, notably the forthcoming white paper.

Maintain adequate funding of pension liabilities: The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery plan with the East Sussex Pension Scheme.

Availability of finance: Colleges are able to borrow but for the last three years the sector has been paying back more to the banks than they are taking out. Banks have become more cautious as a result of the new college insolvency laws and the ending of Government financial support to the sector. Plumpton has a £2m working capital facility in place and has invested in rebuilding its relationship with the bank whilst exploring other opportunities for a new overdraft facility following its withdrawal in 2017.

Insolvency regime: The new college insolvency regime came into effect in January 2019. Normal commercial insolvency law applies to colleges, with the DFE able to appoint an education administrator with wider duties to protect students as well as creditors. Plumpton through its Business Performance and Planning process is ever more focused on ensuring the commercial viability of each of its offerings and more able to respond with speed to changing circumstances. Through 2019 and 2020 financial years the College has been able to adjust its staffing and spending decisions to deliver a surplus.

Hard Brexit: The College has an additional Brexit risk register to track risks and mitigations for the potential impact on international students and staff, supply chains and logistics, exchange rates and EU funding, delays to business decision making and product sales.

Financial results

The College has an adjusted operating surplus of £149k before FRS102 pension charges to staff costs and Covid-19 asset impairments charged to depreciation (2019: surplus £60k). The College Financial Statements show a deficit £5,839k total comprehensive income for 2020 (2019: deficit £1,861k), primarily due to the impact of pension actuarial gain/loss and pension return on assets. For purposes of providing greater clarity a notation is provided to the Statement of Comprehensive Income reporting unadjusted and adjusted operating surplus/deficit.

Total income for 2020 reduced by 6.5% to £16,854k (2019: £18,019k). The College was heavily impacted by Covid-19 with income from continuing operations falling by £1.8m before allowing for government measures, primarily the Adult Education Budget and job retention scheme. Funding body grants (including Local Authority high needs funding and release of deferred capital grants) are the largest source of income at £10,391k (2019: £10,216k) due to the impact of Covid-19 this has risen as a proportion of total income to 61.7% (2019: 56.7%).

Total expenditure for 2020 reduced by 4.4% to £17,818k (2019: £18,647k) inclusive of FRS102 pension liability and Covid-19 asset impairments. Excluding these factors total expenditure reduced by £1.2m (6.7%) as the College responded rapidly to Covid-19 making expenditure savings to preserve a sustainable operating position, despite additional costs such as IT and cleaning. Staff costs are the largest source of expenditure at £10,803k (2019: £10,657k). Due to Covid-19 staff costs as a percentage of income increased to 64.1% (2019: 59.1%) inclusive of FRS102 pension charges or 58.4% (2019: 55.3%) exclusive of FRS102 pension charges.

The College continued to invest to improve its educational infrastructure. Capital additions were £911k (2019: £1,271k). This included investment partially funded by the Coast to Capital and South East Local Enterprise Partnership with the majority of additions being assets under construction for the Stanmer Park project which has had its opening delayed due to Covid-19. Total borrowing continued to fall during the year to £2,084k (2019: £2,861k) all of which remains unsecured. This represents a very low level of income proportion of income at 12.4%. This is comfortably below the Association of Colleges indicator of 40% of income.

Reserves policy

The Corporation has reviewed its reserves policy in the light of Charity Commission guidance (CC19), the business risks and opportunities that it sees over the next 5 years. On an annual basis the College will set out the specific actions required to meet its reserves target. In the short-term the College needs cash, or access to cash, to meet; normal fluctuations in our working capital during the year, these arise principally due to the timing of our main FE Grant-In-Aid income, and varies by £800k between months; uncertainty about the level and timing of other grant streams and non-grant income; risk of additional unbudgeted costs e.g. to meet unforeseen regulatory requirements or restructuring; sector wide difficulties in securing, or retaining, access to loan and working capital facilities.

The Corporation has accordingly set a Liquidity Target to be achieved by the end of 2020/21 financial year, of holding at all times cash plus access to overdraft facilities totalling £0.8m, broadly equivalent to one month's salary bill. In the longer-term the College needs greater cash reserves to; repay existing long-term loans as they fall due; contribute to the fixed and working capital costs of developing new business and major projects; cover any restructuring costs associated with changes in demand; meet any long-term costs of crystallising liabilities, e.g. pensions.

The Corporation has reviewed and retained the reserves targets set out in last year's Financial Statements but has amended the timescales for achieving these in light of Covid-19;

- cash holding of between £1.5m and £2.5m at 31 July 2023,
- cash holding of between £2.5m and £3.5m at 31 July 2025.

The Corporation regards these Reserves Targets as the College's primary Financial Objectives. They are supported by other financial targets, including the aim of achieving an average adjusted operating surplus of 3% of income over the strategic plan period and of moving staff costs towards 50% of income.

Cash flows and liquidity

The College held cash and cash equivalents at the end of year of £937k (2019: £287k). The College has generated cash of £650k after investing and financing activities, with operating cashflow remaining above £1m due to action taken rapidly in response to Covid-19. The College has a working capital facility to support cyclical cashflow requirements experienced by the FE sector each year.

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

Payment performance

The College is committed to the terms of the Prompt Payment Code, with a target of paying all invoices within 30 days of receipt and ensuring 95% of invoices are paid within 60 days of receipt excluding disputes. The 60 day target was achieved.

Going Concern and Future prospects

The College has continued to adopt the going concern basis in preparing the financial statement and believe it will continue in operation and meet its obligations for at least a period of 12 months. The College continues to generate operating cashflows, developing well-diversified income streams whilst investing in developments at the Plumpton and Stanmer sites. In light of Covid-19 and the impact on income, the College is reviewing the £7m Agrifood development at the Plumpton campus, part funded by the South East Local Enterprise and approved by Corporation in September 2019.

Events after the end of the reporting period

None.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 15th December 2020 and signed on its behalf by:



J Dougill, Chair of Governors

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code") which it formally adopted in July 2016, on a comply or explain basis. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020, with the exception of the maximum term of office for Governors. An explanation of the reasons for the maximum term of office being exceed by some governors can be found on page 13. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status and Public Benefit Statement

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Plumpton College. The college has one wholly owned subsidiary 'One Garden Brighton Ltd', established in 2019. This is a trading subsidiary for the Stanmer Park Project that remains dormant until the start of trading.

Plumpton College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of Corporation, the Governing Body who are trustees of the charity, are disclosed on pages 11-12. In setting and reviewing the college's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education including students with high needs. The college adjusts its courses to meet the needs of local employers and provides training to 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.

The Corporation

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

| Name | Background | Date of appointment | Appointment expires | Committee Membership | Committee meetings attended | Corporation meetings attended |
|--|----------------------------|--|---------------------|---|---------------------------------|-------------------------------|
| Stan Stanier (Chair to 31.07.20, Vice Chair from 01.08.20) | IT / education | 28 Mar 2006 Re-appointed 27 Mar 2014 & 27 Mar 2018 21 Jan 2020 | 27 Jul 2020 | Search and Governance TAFG subsidiary TAFG KPI TAFG Finance Audit | 3/3 1/1 3/3 3/3 2/2 | 12/12 |
| Julie Dougill (Vice-Chair to 31.07.20, Chair from 01.08.20) | Local Authority | 16 Dec 2014 | 15 Dec 2022 | Search and Governance TAFG subsidiary TAFG KPI TAFG Finance Audit | 3/3 1/1 3/3 3/3 3/4 | 12/12 |
| Jeremy Kerswell (Principal) | Plumpton College Principal | 5 Oct 2015 | N/A | Search and Governance TAFG KPI TAFG Finance | 3/3 3/3 3/3 | 12/12 |

| Name | Background | Date of appointment | Appointment expires | Committee Membership | Committee meetings attended | Corporation meetings attended |
|--------------------------|--|---|---------------------|--|---------------------------------|-------------------------------|
| Helen Atkinson | Finance Education | 17 Sept 19 | 16 Sept 23 | TAFG Finance | 2/3 | 9/11 |
| Mike Atkinson | Industry / civil service / accountancy | 18 Dec 2002 Re-appointed July 10, Dec 12, Dec 14, Dec 15, Dec 16, Oct 17, Oct 18 & Oct 19 | 5 Dec 2020 | TAFG subsidiary TAFG KPI TAFG Finance Audit Remuneration | 1/1 2/3 3/3 4/4 2/2 | 11/12 |
| Sarah Blake | Support Staff Governor | 7 Nov 2017 | 6 Nov 2021 | n/a | n/a | 10/12 |
| John Evans | Business Advice | 1 Oct 2003, Re-appointed Oct 11, Dec 16, Oct 17 & Oct 19 | 14 Dec 2020 | Search and Governance T&FG subsidiary | 3/3 1/1 | 11/12 |
| Ruby Franklin Goddard | Student Governor | 16 Oct 19 | 31 Jul 2020 | n/a | n/a | 3/12 |
| Sarah George | Academic Staff Governor | 28 Apr 20 | 27 Apr 24 | n/a | n/a | 3/4 |
| Doug Jackson | Business / Agriculture | 26 June 19 | 25 June 2023 | TAFG Finance Remuneration | 2/3 1/1 | 8/12 |
| Sally Kinsey | Law | 10 Dec 2013 Re-appointed 3 Oct 2017 | 19 Mar 20 | TAFG KPI | 1/1 | 2/7 |
| Timothy Laker | Education and Construction projects | 4 Jul 2017 | 3 Jul 2021 | Audit | 2/4 | 4/12 |
| Leeni Lear | Education | 4 Jul 2017 | 3 Jul 2021 | Search and Governance TAFG subsidiary | 3/3 3/3 | 12/12 |
| John Moore- Bick | Armed Forces | 15 Dec 2015 & 22 Oct 2019 | 14 Dec 2019 | Search and Governance | 2/3 | 10/12 |
| Robbie Nicholle | Academic Staff Governor | 21 May 19 | 9 Dec 2019 | n/a | n/a | 3/3 |
| Bill Pepper | Veterinary | 17 Mar 2015, Reappointed Oct 18 | 16 Mar 2020 | Remuneration | 0/1 | 5/7 |
| Stephen Waite | HE | 5 Jun 18 | 4 Jun 2022 | Audit TAFG subsidiary | 4/4 0/1 | 7/12 |

In addition the Corporation has co-opted the following non-members to sit on its Committees/Corporation. The Corporation is grateful for the expertise and insights these co-optees brought to the work of its Committees during the year.

| Name | Background | Date of appointment | Appointment expires | Committee Membership | Committee meetings attended | Corporation meetings attended |
|-----------------------|--|---------------------|---------------------|----------------------------|-----------------------------|-------------------------------|
| <i>Yvonne Hopkins</i> | <i>Co-opted Member of Audit Committee</i> | <i>22 Jan 2019</i> | <i>21 Jan 2023</i> | <i>Audit Committee</i> | <i>3/4</i> | <i>n/a</i> |
| <i>Helen Key</i> | <i>Co-opted Member of Academic Committee</i> | <i>14 Mar 2017</i> | <i>13 Mar 2021</i> | <i>Corporation</i> | <i>n/a</i> | <i>3/12</i> |

Bill Pepper, Sally Kinsey, Ruby Franklin-Goddard and Robbie Nicholle left the Corporation during the year. Corporation would like to thank them for their valued contribution.

It is the Corporation's responsibility to set and regularly review the College's mission and strategic objectives, to agree the framework for managing risk, and to articulate the Corporation's risk appetite.

Governors bring independent judgement to bear on performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets on a monthly basis, and may reach decisions between meetings by correspondence.

The Corporation also conducts business through a small number of committees. Each committee has terms of reference, which have been approved by the Corporation; these are available on the College's website. These committees are Audit, Remuneration and Search and Governance. In addition Task and Finish Group (TAFG) committees are convened to consider specific items in more detail as appropriate. A TAFG was convened during the year with the financial impact of Covid-19 being a key focus. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at the College's registered address.

In addition to its formal committees, the Corporation has linked each external governor to one or more business or business support areas, involving regular meetings with both the senior and middle management in each area. This helps Governors to take the pulse of the College and improves the depth of Corporation discussion; it also makes the specialist expertise and insights of governors more accessible to managers.

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 College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

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, consisting of six members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Search and Governance Committee is guided by an analysis of the skills the Corporation requires and by the aim of ensuring an appropriate diversity of experience, age, and gender on the Governing Body. The Corporation is responsible for ensuring that appropriate training is provided as required. All new Governors receive induction training. As regards subsequent governor development, most monthly Corporation meetings are preceded by an in-depth briefing on new College initiatives or external developments such as new regulations or Government policies. Governors are also encouraged to attend external courses.

Members of the Corporation are appointed for a term of office not exceeding four years. Under the Code of Good Governance for English Colleges, governors should not normally serve more than two terms. Three of our external governors have served more than two terms. We believe that at a time of

immense change in the further education landscape it is particularly important to hold on to experienced and strongly-contributing governors. The Corporation believes that reappointment beyond two terms calls for explicit justification, and should normally be limited to further terms of only one or two years duration. The performance of individual governors is taken into account in considering re-appointments, and is particularly searching on a second or subsequent re-appointment. During the year, on the recommendation of the Search and Governance Committee, we re-appointed Mike Atkinson, John Evans and Stan Stanier for a further 1-year term. Mike Atkinson is a member of the AoC Governors Council and the insights he provides from this role are very valuable to our discussions. John Evans provides valuable sector and commercial expertise. Stan Stanier served as Chair from December 2013 to July 2020. Serving as Vice Chair from 1st August 2020, Stan will support the new Chair in her first year in office.

Corporation performance

The Corporation and each of its Committees formally appraises its performance each year. The appraisal covers its effectiveness and efficiency in discharging its terms of reference. This annual appraisal is also an opportunity to review the terms of reference for committees.

The performance of individual governors is formally reviewed by the Search and Governance Committee in the context of a proposed re-appointment, and is particularly searching on a second or subsequent re-appointment. This formal appraisal is supplemented by an annual self-assessment by each governor comprising a one-to-one meeting between the governor and the Corporation Chair or Vice Chair at which the governor's past performance and potential future contribution or development needs are discussed, together with the governor's views on how the Corporation is organised and run. An annual Governance Self Assessment Report (SAR) is produced. This report informs the annual Governance Quality Improvement Plan (QIP) which is monitored by the Search and Governance Committee and the Corporation. The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2020 and graded itself as Good on the Ofsted scale.

Remuneration Committee

Throughout the year ending 31 July 2020 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and Clerk. The Committee evaluate the specific remuneration packages of the Principal against:

- Recent performance (summary to be provided by the Chair as line manager, who is responsible for completing appraisals and setting targets for the Principal)
- Benchmarking data, including the AoC Senior Post Holders pay survey
- The college's approach to rewarding all of its staff, and in particular, consideration is given annually to the rate of increase of the average remuneration of all other staff.

Remuneration of other managers and staff is the responsibility of the Principal. In determining pay of Senior Staff the Principal will consider recent performance (using the college appraisal system), market rate and the rate of increase of the average remuneration of all other staff. All staff must request permission from the Principal if they intend to take on external work. The Clerk maintains a Register of Senior Staff's Interests and Senior Staff are requested to disclose annually all business interests. Corporation formally adopted the AoC Senior Staff Remuneration Code on 26th February 2019 and has due regard to the "Higher Education Senior Staff Remuneration Code" published by the Committee of University Chairs. Apart from the Principal and staff governors, Corporation members are not remunerated. Details of remuneration For the Year Ended 31 July 2020 are set out in Note 7 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair) and a Co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee's core task is to oversee the work of the external auditors (the 'financial statements auditors') in accordance with the Post 16 Audit Code of Practice prescribed by the ESFA, but also to oversee the College's other audit and assurance work and to monitor implementation of the recommendations for improved controls that flow from this. During 2017/18 the Corporation moved to monthly meetings, and discontinued its main Committees (Academic and F&GP). This had a significant effect on the role of the Audit Committee. The Committee now oversees directly non-financial assurance work which was previously commissioned and overseen by other committees. This calls for a wider range of skills; the membership of the Audit Committee has been adjusted to provide this. At the same time more feedback from external assurance work is now being taken directly to Corporation. Its monthly meetings allow prompt endorsement of improvement measures identified by external reviews.

The Audit Committee advises the Corporation on the appointment of internal and external auditors, and their remuneration. It prioritises the internal audit programme and oversees implementation of agreed recommendations. It shapes the scope of the external audit and the management letter that flows from it. The Committee focuses not only on finance but also looks for wider assurance on internal controls, quality monitoring and management information systems. The Committee prepares an annual report to the Corporation on the robustness of the internal control system and on possible areas for improvement.

Covid-19

In response to Covid-19 all Governor meetings were moved on line with Governors accessing meetings via video/telephone. All meetings have a Covid-19 standing agenda item. In addition, a Task and Finish Group was established to monitor the financial impact of Covid-19 and meets on a monthly basis. The Regularity Audit includes additional declarations around Covid-19 including confirming the College has not made any payments under PPN 02/20.

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

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

Plumpton College for the Year Ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 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, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- long-term strategic objectives through to 2024 agreed by the Corporation and supported by a suite of key performance measures
- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The college's internal and external auditors operate in accordance with the ESFA's Post 16 Audit Code of Practice. Their work is informed by an analysis of the risks to which the college is exposed.

Control weaknesses identified

No significant concerns on internal controls were raised during the course of the 2020 external audit by Mazars.

Risks faced by the Corporation

Key risks are covered within the strategic report. Corporation reviews the strategic risk register every 2 months and the risk policy every 2 years. In addition papers including the Principal's report, Management accounts and project updates include dedicated sections reporting risk.

Responsibilities under funding agreements

Corporation is responsible for ensuring that the College's funds are used only in accordance with the corporation's powers as set out in the Further and Higher Education Act 1992 and the College's own statutory duties and other obligations. Policies and procedures are in place that set powers of authorisation and situations where corporation approval is required. An independent clerk supports the governance function, and the corporation's decision-making.

Statement from the audit committee

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

The specific areas of work undertaken by the audit committee in 2019/20 and up to the date of the approval of the financial statements are:

- monitored, and tracked the follow-up of external assurance work conducted by regulatory/funding bodies and by the internal auditors, together with internal assurance reviews

conducted by management; this assurance work covered not only financial controls but also controls over academic quality and governance.

- agreed a prioritised internal audit work programme based on the 3-year outline programme agreed last year, but updated for evolving judgements on key areas of risk.
- carried out ad hoc reviews of financial aspects of the college, including policies and issues referred to it by the Corporation for detailed consideration.

Delivery of the audit and assurance programme for the year was materially affected by the closure of the College site from March onwards.

Review of effectiveness

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

- the work of the Finance Director and other executive managers at the College with responsibility for development and maintenance of the internal control framework;
- upward reports from departments setting out current performance against key performance indicators and prospective risks;
- the comments and management letters of the College's financial statements auditors;
- the programme of external assurance and audit agreed with the Audit Committee.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

Key management personnel

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

| | |
|------------|---------------------------------|
| J Kerswell | Principal; Accounting officer |
| C Knell | Finance Director |
| J Hibbert | Deputy Principal |
| D Stokes | Vice Principal |
| A Kent | Vice Principal (until 18/04/20) |

Professional advisers

Financial statements auditors and reporting accountants

Mazars LLP

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Internal Auditors

ICCA Education, Training and Skills Limited

Registered Office: 11th floor, McClaren House, 46 Priory Queensway, Birmingham, B4 7LR

Bankers

Lloyds Bank plc

8 High Street, Lewes, East Sussex, BN7 2AD

Solicitors

Brachers

Head Office, Somerfield House, 59 London Road, Maidstone, Kent, ME16 8JH

Approved by order of the members of the Corporation on 15th December 2020 and signed on its behalf by:



J Dougill
Chair of Governors



J Kerswell
Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

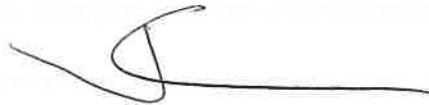
The corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the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

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

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



J Dougill
Chair of Governors
15th December 2020



J Kerswell
Accounting Officer
15th December 2020

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The Corporation of Plumpton College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 9 November 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Plumpton College during the period 1 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

Respective responsibilities of Plumpton College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 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 by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/ funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 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.

Signed:

Mazars LLP

Mazars LLP

Date: 25 January 2021

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk. Approved by order of the members of the corporation on 15th December and signed on its behalf by



J Dougill
Chair of governors

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLUMPTON COLLEGE

Opinion

We have audited the financial statements of Plumpton College (the 'College') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and 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) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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 have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College'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 Corporation are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 22, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to 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 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. This description forms part of our auditor's report.

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

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

Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 25 January 2021

PLUMPTON COLLEGE

Statement of Comprehensive Income
For the Year Ended 31 July 2020

| | Notes | 2020 £'000 | 2019 £'000 |
|---|-------|----------------|----------------|
| Income | | | |
| Funding body grants | 2 | 10,391 | 10,216 |
| Tuition fees and education contracts | 3 | 2,289 | 2,782 |
| Other grants and other contracts | 4 | 603 | 16 |
| Other income | 5 | 3,571 | 5,005 |
| Total income | | 16,854 | 18,019 |
| Expenditure | | | |
| Staff costs | 6 | 10,803 | 10,657 |
| Fundamental restructuring costs | 6 | 53 | 63 |
| Other operating expenses | 8 | 5,813 | 6,683 |
| Depreciation | 11 | 918 | 1,061 |
| Interest and other finance costs | 9 | 231 | 183 |
| Total expenditure | | 17,818 | 18,647 |
| Operating Deficit before defined benefit pension costs | | (964) | (628) |
| Pension finance costs | 9 | (121) | (96) |
| Deficit before other gains and losses | | (1,085) | (724) |
| Profit/ Loss on disposal of assets | | 105 | 267 |
| Deficit before tax | | (980) | (457) |
| Taxation | 10 | - | - |
| Deficit for the year | | (980) | (457) |
| Actuarial loss in respect of pension schemes | 23 | (4,060) | (2,165) |
| Return on assets | 23 | (799) | 761 |
| Total Comprehensive Income for the year | | (5,839) | (1,861) |
| <i>All items of income and expenditure relate to continuing activities.</i> | | | |

| | | |
|---|------------|-----------|
| Excluding FRS102 defined benefit pension obligations and Covid-19 Impairments | | |
| Operating deficit before other gains and losses | (964) | (628) |
| FRS102 pension charges to staff costs | 964 | 688 |
| Covid-19 asset impairments of fixed assets | 149 | - |
| Adjusted operating surplus | 149 | 60 |

PLUMPTON COLLEGE

Statement of Changes in Reserves
For the Year Ended 31 July 2020

| | Income and expenditure account | Revaluation reserve | Total |
|--|--------------------------------------|------------------------|---------|
| | £'000 | £'000 | £'000 |
| Balance at 31 July 2019 | 4,450 | 2,951 | 7,401 |
| Deficit from income and expenditure | (980) | - | (980) |
| Other comprehensive income | (4,859) | - | (4,859) |
| Transfers between revaluation and reserves | 150 | (150) | - |
| Total comprehensive income for the year | (5,689) | (150) | (5,839) |
| Balance at 31 July 2020 | (1,239) | 2,801 | 1,562 |

PLUMPTON COLLEGE

Balance Sheet

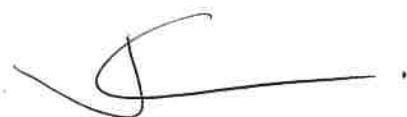
At 31 July 2020

| | Notes | 2020 £'000 | 2019 £'000 |
|--|-------|----------------|----------------|
| Non current assets | | | |
| Tangible fixed assets | 11 | <u>22,861</u> | <u>23,181</u> |
| Current assets | | | |
| Stock | | 1,203 | 1,184 |
| Trade and other receivables | 12 | 1,071 | 1,907 |
| Assets held for sale | | - | - |
| Cash at bank and in hand | 17 | <u>937</u> | <u>287</u> |
| | | <u>3,211</u> | <u>3,378</u> |
| Creditors: Amounts falling due within one year | 13 | (3,293) | (3,820) |
| Net current liabilities | | <u>(82)</u> | <u>(442)</u> |
| Total assets less current liabilities | | <u>22,779</u> | <u>22,739</u> |
| Deferred capital grants | 14 | (8,125) | (7,939) |
| Creditors: Amounts falling due after one year | 14 | <u>(1,829)</u> | <u>(1,980)</u> |
| | | 12,825 | 12,820 |
| Provisions | | | |
| Defined benefit obligations | 16 | (11,263) | (5,319) |
| Other provisions | 16 | <u>-</u> | <u>(100)</u> |
| Total net assets including pension liability | | <u>1,562</u> | <u>7,401</u> |
| Unrestricted reserves | | | |
| Income and expenditure account | | (1,239) | 4,450 |
| Revaluation reserve | | <u>2,801</u> | <u>2,951</u> |
| Total unrestricted reserves | | <u>1,562</u> | <u>7,401</u> |

The financial statements were approved by the Corporation and authorised for issue on 15 December 2020 and were signed on its behalf on that date by:



J Dougill
Chair of Governors



J Kerswell
Accounting Officer

PLUMPTON COLLEGE

Statement of Cash Flows
For the Year Ended 31 July 2020

| | 2020 £'000 | 2019 £'000 |
|--|----------------|----------------|
| Cash flows from operating activities | | |
| Surplus/(deficit) for the year | (980) | (457) |
| Adjustment for non cash items | | |
| Depreciation | 918 | 1,061 |
| Impairment of fixed assets | 224 | - |
| (Increase)/decrease in stocks | (19) | (107) |
| (Increase)/decrease in debtors | 836 | (302) |
| (Decrease)/increase in creditors due within one year | 199 | (357) |
| (Decrease)/increase in creditors due after one year | (443) | 655 |
| (Decrease)/increase in provisions | (100) | 100 |
| Pensions costs less contributions payable | 964 | 688 |
| Adjustment for investing or financing activities | | |
| Interest payable | 231 | 183 |
| Pension finance cost | 121 | 96 |
| (Profit)/Loss on sale of fixed assets | (105) | (267) |
| Net cash flow from operating activities | <u>1,846</u> | <u>1,293</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of fixed assets | 141 | 53 |
| Capital grant receipts | 529 | 967 |
| Payments made to acquire fixed assets | (857) | (1,271) |
| Net cash flow from investing activities | <u>(187)</u> | <u>(251)</u> |
| Cash flows from financing activities | | |
| Interest paid | (231) | (183) |
| New unsecured loans | 51 | - |
| Repayments of amounts borrowed | (827) | (820) |
| Net cash flow from financing activities | <u>(1,009)</u> | <u>(1,003)</u> |
| Increase/(decrease) in cash equivalents in the year | <u>650</u> | <u>39</u> |
| Cash and cash equivalents at the beginning of the year | 287 | 248 |
| Cash and cash equivalents at the end of the year | 937 | 287 |

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

1 ACCOUNTING POLICIES

The Corporation aims to apply accounting policies which are towards the conservative end of the FE accounting spectrum.

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.

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP) the College Accounts Direction for 2018-19 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

(b) Basis of accounting

The financial statements are prepared under the historical cost convention.

(c) Going concern

These financial statements have been prepared on the Going Concern basis. The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has loans with bankers on terms negotiated in 2008 (Note 15). The terms of the existing agreement are for 20 years. The College forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Additionally, there is a £2.0m unsecured working capital facility available to the College. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

(d) Recognition of income

Revenue Grant Funding: Government revenue grants include funding body recurrent grants and other grants 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. Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met.

PLUMPTON COLLEGE

Notes to the Financial Statements

For the Year Ended 31 July 2020

1 ACCOUNTING POLICIES (continued)

Capital Grant Funding: Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

Fee Income: Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

Donations and legacies: Donations (except in relation to legacies) are accounted for when receivable. The level of income from legacies is not material but they are recognised where there is clear entitlement, the amount can be accurately measured and there is reasonable probability of receipt.

Investment income: All income from short term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

Income from commercial activities: Income raised through the operation of commercial activities and related trading activities under the College's management, such as the farm and viticulture, is taken into account at the point at which ownership of the goods or services transfers to the customers.

Other income: All other income is recognised once the College has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of income can be measured with sufficient reliability.

(e) 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 (Note 23).

In accordance with FRS102 section 28, the Statement of Comprehensive Income includes:

- The cost of benefits accruing during the year in respect of current and past service (staff costs)
- Net interest on the net defined benefit liability/asset (pension finance costs)
- Actuarial gains and losses are recognised immediately (Actuarial gain/(loss) in respect of pension schemes)

Notes to the Financial Statements
For the Year Ended 31 July 2020

1 ACCOUNTING POLICIES (continued)

(f) Short term employment benefits

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.

(g) Fixed assets

Expenditure in respect of buildings, motor vehicles, plant and equipment, computer hardware and software and fixtures and fittings is treated as an asset and capitalised when:

- it is recognised as having been purchased for long-term use,
- has a useful life greater than one reporting period, and
- is not likely to be converted quickly into cash.

Expenditure in relation to the above items costing less than £2,500 is written off to the statement of comprehensive income in the period of acquisition. The exception to this is where items each costing less than £2,500 in relation to one item when aggregated would exceed this value.

Grant funded assets: Where assets are acquired with the aid of specific grants, the asset is capitalised and depreciated in accordance with the policy stated below. The related grant is credited to a deferred grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

Inherited Assets: The College was incorporated on 1st April 1993. At 31st July 1994, the assets which were inherited from the Local Authority were independently valued and included in the Balance Sheet at the valuation provided at this time. Any difference in respect of buildings between the valuation and the historic cost was credited to a revaluation reserve and is being released to the statement of comprehensive income in equal sums over a 30 year period.

FRS 102 revaluations: On 1st August 2014, in accordance with the transitional provisions governing the introduction of FRS 102, the College revalued all its land (but not its buildings) to the market value. This was a one-off revaluation and the College has opted not to carry out regular subsequent valuations.

Assets under construction: Accounted for at cost, based on the value of architects' certificates (or other form of professional valuation) and other direct costs, incurred to 31st July. They are not depreciated until they are brought into use, when a full year's depreciation is charged in the first year.

Subsequent expenditure: Where expenditure is incurred on modifying, refurbishing, updating, prolonging or otherwise improving tangible fixed assets it is charged to the statement of comprehensive income in the period it is incurred, unless it both exceeds £10,000 and:

Notes to the Financial Statements
For the Year Ended 31 July 2020

1 ACCOUNTING POLICIES (continued)

- In respect of non-specialised buildings capable of independent disposal, the market value of the fixed asset is significantly improved as a result of the expenditure, or
- The earnings capacity of the asset is significantly increased, either in volume or price terms (or both), or
- There is a subsequent reduction in operating costs, or
- The expenditure is likely to extend the asset's life by a period equivalent to its original book life, in which case it is capitalised and depreciated on the relevant basis.

Acquired computer software licences: Initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software or recurring licencing fees are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the statement of comprehensive income using the straight-line method over their estimated useful lives.

Disposals: An asset is derecognised upon disposal or when there is no future economic benefit to the College. On disposal of an item, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income within the profit or loss on disposal account. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property (excluding land), plant and equipment, motor vehicles, fixtures and fittings and IT equipment over their expected useful lives.

A full year's depreciation is charged in the year of acquisition, no charge is made in the year of disposal.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revision are recognised in the statement of comprehensive income when the change of estimation arises.

| Asset Type | Previous years | 2019 onwards |
|-----------------------|----------------|----------------|
| Land | N/A | N/A |
| Buildings | Up to 30 years | Up to 50 years |
| Vehicles | 4 years | 8 years |
| Plant and Equipment | 4 years | 8 years |
| Computers | 4 years | 4 years |
| Fixtures and Fittings | 4 years | 4 years |

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

1 ACCOUNTING POLICIES (continued)

(h) Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentive relating to leases signed after August 2014 are spread over the minimum lease term. Any assets acquired under finance leases are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

(i) Investments

Investment in subsidiaries are measured at cost less impairment. Plumpton College owns the whole of the issued share capital of One Garden Brighton Limited amounting to £1 (1 ordinary share of £1) which was incorporated on 17th July 2019. Since the date of its incorporation there has been no activity in One Garden Brighton Limited, pending its opening in 2021.

(j) Inventories (Stock)

All material inventories are stated at the lower of cost on a first in first out basis; and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Farm stock valuation carried out by a firm of independent professional valuers as at 31st July.

(k) Cash and cash equivalents

Cash at bank and in hand is held to meet the day to day running costs of the College as they fall due. Cash equivalents are short term, highly liquid measurements that are readily convertible to known amounts of cash with insignificant risk of change in value. They include cash in hand, deposits repayable on demand and overdrafts.

(l) Foreign currency translation

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

(m) Debtors

Debtors are amounts owed to the College. They are provided for in the Balance Sheet on the basis of their recoverable amount. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method in accordance with FRS 102, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The College has applied a simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Notes to the Financial Statements
For the Year Ended 31 July 2020

1 ACCOUNTING POLICIES (continued)

(n) Taxation

Corporation Tax: The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax 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.

Value Added Tax: The College is partially exempt in respect of Value Added Tax, so that it can only recover a proportion of VAT charged on its inputs. In view of the level of complexity of the calculations involved in order to arrive in calculating the amount of input VAT which is Irrecoverable and the inability to subsequently separately identify which VAT is not recovered, it is not possible to reapportion this VAT between the costs of such inputs or the cost of tangible fixed assets as appropriate. As a result of this, the irrecoverable VAT is reflected as an aggregated cost line in the Financial Statements.

(o) 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 and 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.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities are not recognised in the Balance Sheet.

(p) Judgements in applying accounting policies and key sources of estimation uncertainty
In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. 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.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

1 ACCOUNTING POLICIES (continued)

Other key sources of estimation uncertainty

- 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 (Note 23), will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 to value the pensions liability at 31 July 2019. 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.

Covid-19 impact on the pension scheme has contributed to a £4.8m loss from actuarial loss in respect of pension scheme and loss from return on assets in addition to a 40% increase in the charge to staff costs. The impact of this impairment is noted below the Statement of Comprehensive Income and in Note 23.

- 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.

The College undertook a full surveyor's report of assets in 2020. Impairment has been recognised in a single asset; the adventure education centre at Bwlch Mwlchan, Snowdonia. The site is owned by the National Trust and leased to the College with a break clause in 2022.

Covid-19 impact on the asset has meant no visits taking place in the second half of 19/20 academic year and no planned visits in 20/21. Given the restrictions of the lease and the impact of social distancing measures it has not be possible to repurpose this site and as such has been impaired. The impact of this impairment is noted below the Statement of Comprehensive Income and in Note 11.

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| OfS Income Reporting | | |
| Grant income from the Office for Students | 178 | 227 |
| Fee income for taught awards | 1,117 | 1,154 |
| Total Income | 1,295 | 1,381 |

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2020

2020
£'000

2019
£'000

2 FUNDING BODY GRANTS

| | | |
|---|---------------|---------------|
| Education and Skills Funding Agency (16-18) | 7,581 | 7,443 |
| Education and Skills Funding Agency (adult education) | 1,717 | 1,515 |
| Office for Students | 178 | 227 |
| Local Authority High Needs Funding | 473 | 547 |
| Specific Grants | | |
| Education and Skills Funding Agency | - | 29 |
| Releases of capital grants | 442 | 455 |
| | <u>10,391</u> | <u>10,216</u> |
| Total funding body grants | | |

3 TUITION FEES AND EDUCATION CONTRACTS

| | | |
|--|--------------|--------------|
| Adult education fees | 765 | 1,245 |
| Apprenticeship fees and contracts | (6) | 44 |
| Fees for FE loan supported courses | 325 | 317 |
| Fees for HE loan supported courses | 1,117 | 1,154 |
| | <u>2,201</u> | <u>2,760</u> |
| Education contracts | 88 | 22 |
| | <u>2,289</u> | <u>2,782</u> |
| Total tuition fees and education contracts | | |

4 OTHER GRANTS AND OTHER CONTRACTS

| | | |
|--|------------|-----------|
| Coronavirus job retention scheme | 625 | - |
| Other grants and other contracts | (22) | 16 |
| | <u>603</u> | <u>16</u> |
| Total other grants and other contracts | | |

5 OTHER INCOME

| | | |
|------------------------------------|--------------|--------------|
| Catering and residence operations | 834 | 1,361 |
| Farming activities | 1,400 | 1,439 |
| Other income generating activities | 191 | 570 |
| Rents and lettings | 83 | 96 |
| Non government capital grants | 453 | 301 |
| Other income | 610 | 1,238 |
| | <u>3,571</u> | <u>5,005</u> |
| Total other income | | |

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2020

| | 2020 £'000 | 2019 £'000 |
|--|----------------------|----------------------|
| 6 STAFF COSTS | | |
| Wages and salaries | 7,502 | 7,799 |
| Social security costs | 688 | 715 |
| Other pension costs (Note 23) | <u>2,342</u> | <u>1,860</u> |
| | 10,532 | 10,374 |
| Contracted out staffing costs | <u>271</u> | <u>283</u> |
| | 10,803 | 10,657 |
| Restructuring costs - contractual payments | <u>53</u> | <u>63</u> |
| Total staff costs | <u><u>10,856</u></u> | <u><u>10,720</u></u> |

The Corporation does not have any salary sacrifice arrangements in place.

None of the staff involved in the restructuring were members of the Senior Management Team.

The average number of persons (including key management personnel) employed by the College during the period, analysed by category and described as full time equivalents, was as follows. This excludes agency, bank and short course lecturer fees.

| | 2020 No. | 2019 No. |
|--------------------|-------------------|-------------------|
| Teaching staff | 101 | 116 |
| Non teaching staff | <u>152</u> | <u>149</u> |
| | <u><u>253</u></u> | <u><u>265</u></u> |

7 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was as follows. There is no performance related pay and all staff including the accounting officer receive the same cost of living pay award.

| | 2020 No. | 2019 No. |
|--|-----------------|-----------------|
| £60,001 to £65,000 | 1 | 1 |
| £65,001 to £70,000 | - | 1 |
| £70,001 to £75,000 | - | - |
| £75,001 to £80,000 | - | 1 |
| £80,001 to £85,000 | 1 | 1 |
| £85,001 to £90,000 | 1 | - |
| £130,001 to £135,000 | <u>1</u> | <u>1</u> |
| The number of key management personnel including the Accounting Officer: | <u><u>4</u></u> | <u><u>5</u></u> |

PLUMPTON COLLEGE

| | | |
|-----------------------------------|-------|-------|
| Notes to the Financial Statements | 2020 | 2019 |
| For the Year Ended 31 July 2020 | £'000 | £'000 |

7 EMOLUMENTS OF KEY MANAGEMENT PERSONNEL (continued)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises of the Principal, Deputy Principal, Vice Principal Business Growth and Development, Vice Principal Curriculum and Quality (vacant) and Finance Director.

Key management personnel compensation is made up as follows. Total emoluments include amounts payable to the Accounting Officer, who is also the higher paid officer and the Principal.

| | | |
|--|------------|------------|
| Salary | 393 | 400 |
| National Insurance | 49 | 49 |
| Other emoluments | 18 | 18 |
| Pension contributions | 85 | 69 |
| | <u>545</u> | <u>536</u> |
| Total emoluments of key management personnel | <u>545</u> | <u>536</u> |
| Accounting officer compensation is made up as follows. | | |
| Salary | 113 | 112 |
| National Insurance | 14 | 14 |
| Other emoluments | 18 | 18 |
| Pension contributions | 30 | 21 |
| | <u>175</u> | <u>165</u> |
| Total emoluments of accounting officer | <u>175</u> | <u>165</u> |

The pension contribution in respect of the Accounting Officer are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees. "Other emoluments" relate to the occupancy of the College property by the Accounting Officer for the better performance of his duties. This is a condition of his employment, and as such is not liable to income tax or national insurance. The emolument is however pensionable. The value of the emolument, i.e. the rental equivalence, is re-assessed every two years. However under the rules of the Teachers' Pension Scheme the pensionable element of this residence emolument is capped at one-sixth of the Principal's salary.

The members of the Corporation other than the Principal and staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The Principal's expenses for the year were less than £5k.

| | | |
|---|------|------|
| Accounting Officer Pay Multiple | 2020 | 2019 |
| Basic salary divided by median pay of all other employees | 4.0 | 4.1 |
| Total emoluments divided by median pay of all other employees | 6.2 | 6.5 |

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2020

2020
£'000

2019
£'000

8 OTHER OPERATING EXPENSES

| | | |
|--------------------|--------------|--------------|
| Teaching costs | 620 | 703 |
| Non teaching costs | 3,157 | 4,282 |
| Examination costs | 328 | 376 |
| Premises costs | <u>1,484</u> | <u>1,322</u> |

| | | |
|--------------------------------|--------------|--------------|
| Total other operating expenses | <u>5,589</u> | <u>6,683</u> |
|--------------------------------|--------------|--------------|

Other operating expenses include:

| | | |
|--|------------|------------|
| Financial statements and regularity audit | 18 | 27 |
| Internal audit and assurance | - | 9 |
| Hire of plant and machinery - operating leases | <u>142</u> | <u>125</u> |
| | <u>160</u> | <u>161</u> |

Access and participation spending:

| | | |
|--|------------|--|
| Access investment | 50 | New reporting requirement so comparator information unavailable. |
| Financial support to students | 22 | |
| Disability support | 22 | |
| Research and evaluation (relating to access and participation) | <u>19</u> | |
| | <u>113</u> | |

9 INTEREST AND OTHER FINANCE COSTS

| | | |
|---|------------|-----------|
| On bank loans, overdrafts and other loans | 231 | 183 |
| Net interest on defined pension liability (Note 23) | <u>121</u> | <u>96</u> |

| | | |
|--|------------|------------|
| Total interest and other finance costs | <u>352</u> | <u>279</u> |
|--|------------|------------|

10 TAXATION

The members of the Corporation do not consider the College is liable for any corporation tax arising out of its activities during this year.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

11 TANGIBLE FIXED ASSETS

| | Leasehold improvement | Freehold land and buildings | Assets under construction | Equipment | Total |
|--------------------------|--------------------------|--------------------------------|------------------------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| COST OR VALUATION | | | | | |
| At 1 August 2019 | 280 | 35,609 | 1,231 | 5,915 | 43,035 |
| Additions | - | - | 582 | 329 | 911 |
| Less: Disposals | - | (93) | (54) | (125) | (272) |
| Less: Impairment | (224) | - | - | - | (224) |
| At 31 July 2020 | <u>56</u> | <u>35,516</u> | <u>1,759</u> | <u>6,119</u> | <u>43,450</u> |
| DEPRECIATION | | | | | |
| At 1 August 2019 | 59 | 15,031 | - | 4,764 | 19,854 |
| Charge for year | 16 | 563 | - | 414 | 993 |
| Less: Disposals | - | (67) | - | (116) | (183) |
| Less: Impairment | (75) | - | - | - | (75) |
| At 31 July 2020 | <u>-</u> | <u>15,527</u> | <u>-</u> | <u>5,062</u> | <u>20,589</u> |
| NET BOOK VALUE | | | | | |
| At 31 July 2020 | <u>56</u> | <u>19,989</u> | <u>1,759</u> | <u>1,057</u> | <u>22,861</u> |
| At 31 July 2019 | <u>221</u> | <u>20,578</u> | <u>1,231</u> | <u>1,151</u> | <u>23,181</u> |

Inherited land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost and subsequently under the transitional provision of FRS102 inherited land was revalued at 1st August 2014. Both revaluations were undertaken by firms of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Proactive and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and building include land at valuation of £2,516,000 (2019 - £2,516,000) which is non-depreciable.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

2020
£'000

2019
£'000

12 TRADE AND OTHER RECEIVABLES

| | | |
|------------------------------------|--------------|--------------|
| Trade receivables | 345 | 998 |
| Prepayments and accrued income | 497 | 700 |
| Other taxation and social security | 62 | 6 |
| Other | 167 | 203 |
| | <u>1,071</u> | <u>1,907</u> |
| Total trade and other receivables | <u>1,071</u> | <u>1,907</u> |

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|-------------------------------------|--------------|--------------|
| Bank loans and overdrafts (Note 15) | 255 | 881 |
| Payments received in advance | 13 | 33 |
| Trade payables | 1,337 | 523 |
| Other tax and social security | 324 | 298 |
| Other creditors | 247 | 7 |
| Accruals and deferred income | 795 | 1,431 |
| Deferred income - capital grants | 322 | 423 |
| Amounts owed to the ESFA | - | 224 |
| | <u>3,293</u> | <u>3,820</u> |
| Total creditors within one year | <u>3,293</u> | <u>3,820</u> |

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | | |
|--|--------------|--------------|
| Bank loans (Note 15) | 1,829 | 1,980 |
| Deferred income - capital grants | 8,125 | 7,939 |
| | <u>9,954</u> | <u>9,919</u> |
| Total creditors after more than one year | <u>9,954</u> | <u>9,919</u> |

15 MATURITY OF DEBT

| | | |
|---|--------------|--------------|
| Bank loans and overdrafts are repayable in one year or less | 255 | 881 |
| Between one and two years | 252 | 238 |
| Between two and five years | 743 | 350 |
| In five years or more | 834 | 1,392 |
| | <u>2,084</u> | <u>2,861</u> |
| Total maturity of debt | <u>2,084</u> | <u>2,861</u> |

The College has a loan with which is unsecured and repayable by quarterly instalments repayable in 2028. The College also has an unsecured loan from SALIX for the upgrading of lighting which is due to be repaid in October 2020, and a working capital facility.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

| | Defined benefit obligations | Other | Total |
|-------------------------------------|-----------------------------------|-----------------|------------------------|
| | £'000 | £'000 | £'000 |
| 16 PROVISIONS | | | |
| At 1 August 2019 | (5,319) | (100) | (5,419) |
| Expenditure/additions in the period | <u>(5,944)</u> | <u>100</u> | <u>(5,844)</u> |
| At 31 July 2020 | <u><u>(11,263)</u></u> | <u><u>-</u></u> | <u><u>(11,263)</u></u> |

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (Note 23).

The College had recognised a provision for a 2016 incident that advertently led to waste water and slurry running off the College fields and into one of the water courses. This has now been resolved with Environment Agency fine and costs of £95k and the provision balance released to the SOCI.

| | 2019 £'000 | Cash flows £'000 | 2020 £'000 |
|---------------------------------|-------------------|---------------------|-------------------|
| 17 CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents | 287 | 650 | 937 |
| Overdraft | <u>-</u> | <u>-</u> | <u>-</u> |
| Total cash and cash equivalents | <u><u>287</u></u> | <u><u>650</u></u> | <u><u>937</u></u> |

| | 2020 £'000 | 2019 £'000 |
|---|-------------------|-------------------|
| 18 FINANCIAL COMMITMENTS | | |
| At 31 July the College had commitments (under non-cancellable operating leases) as follows: | | |
| Land and Buildings | | |
| Not later than one year | 123 | 123 |
| Later than one year and not later than five years | 68 | 127 |
| Later than five years | <u>1</u> | <u>4</u> |
| | <u><u>192</u></u> | <u><u>254</u></u> |
| Equipment | | |
| Not later than one year | 128 | 154 |
| Later than one year and not later than five years | 167 | 240 |
| Later than five years | <u>-</u> | <u>-</u> |
| | <u><u>295</u></u> | <u><u>394</u></u> |

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

19 CAPITAL COMMITMENTS

The College has not yet entered into new capital commitments but anticipates £1.5m expenditure in 2021 relating to the completing the Stanmer project and a decision on stages of the £7m Agrifood project.

20 SUBSIDIARY UNDERTAKINGS

One Garden Brighton Ltd, a wholly owned subsidiary of Plumpton College was established in 2019. This is a trading subsidiary for the Stanmer Park Project that remains dormant until the start of trading.

21 RELATED PARTIES

Due to the nature of the College 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. Transactions with the Education and Skills Funding Agency are detailed (Note 2, 12, 13).

The College hold a 27% interest in Woodland Enterprise Ltd (WEL), a company limited by guarantee (£1). WEL owns a leasehold site and facilities at Flimwell, at which it is seeking to develop skills in wood production and use. The College appoints two directors (currently the Principal and the Estate Manager) to the WEL Board. It has an arm's length sub-lease with WEL for two workshops on the site, and provides various management services to WEL. During the year rent was paid to WEL of £600 (2019 £600).

The College owns the whole of the issued share capital of One Garden Brighton Limited amounting to £1 (1 ordinary share of £1) which was incorporated on 17th July 2019. Since the date of its incorporation there has been no activity in One Garden Brighton Limited.

22 POST BALANCE SHEET EVENTS

None

Notes to the Financial Statements
For the Year Ended 31 July 2020

23 DEFINED BENEFIT OBLIGATION

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

| The total pension cost for the year | 2020 £'000 | 2019 £'000 |
|---|---------------------|---------------------|
| Teachers Pension Scheme contributions paid | 760 | 547 |
| Local Government Pension contributions paid | 618 | 625 |
| Local Government Pension FRS 102 (28) charge | <u>964</u> | <u>688</u> |
| Charges to statement of comprehensive income (staff costs) | <u>1,582</u> | <u>1,313</u> |
| Total pension cost for the year within staff costs (Note 6) | <u><u>2,342</u></u> | <u><u>1,860</u></u> |

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

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.

PLUMPTON COLLEGE

Notes to the Financial Statements For the Year Ended 31 July 2020

23 DEFINED BENEFIT OBLIGATION (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit Scheme, with the assets held in separate funds administered by East Sussex County Council.

The agreed contribution rates for future years are 17.5% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2020 by Hymans.

| | At 31 July 2020 | At 31 July 2019 |
|--------------------------------------|--------------------|--------------------|
| Rate of increase in salaries | 2.1% | 2.8% |
| Future pension increases | 2.1% | 2.4% |
| Discount rate for scheme liabilities | 1.4% | 2.1% |

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

| | At 31 July 2020 | At 31 July 2019 |
|-----------------------------|--------------------|--------------------|
| <i>Retiring today</i> | | |
| Males | 21.6 | 21.2 |
| Females | 23.9 | 23.5 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.5 | 22.1 |
| Females | 25.3 | 24.9 |

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

| | Long-term rate of return 2020 | Long-term rate of return 2019 | Fair value 2020 £'000 | Fair value 2019 £'000 |
|------------------------------|--|--|--------------------------------|--------------------------------|
| Equity instruments | 4.0% | 4.0% | 11,286 | 10,479 |
| Debt instruments | 4.0% | 4.0% | 2,783 | 3,082 |
| Property | 4.0% | 4.0% | 1,237 | 1,387 |
| Cash | 4.0% | 4.0% | 155 | 462 |
| Total market value of assets | | | <u>15,460</u> | <u>15,411</u> |

PLUMPTON COLLEGE

Notes to the Financial Statements
For the Year Ended 31 July 2020

2020
£'000

2019
£'000

Amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

| | | |
|---------------------------------|------------------------|-----------------------|
| Pension fund assets | 15,460 | 15,411 |
| Pension fund liabilities | <u>(26,723)</u> | <u>(20,730)</u> |
| Net pension liability (Note 16) | <u><u>(11,263)</u></u> | <u><u>(5,319)</u></u> |

Amounts recognised in the Statement of Comprehensive Income in respect of the plan:

| | | |
|----------------------|---------------------|---------------------|
| Current service cost | <u>1,636</u> | <u>1,299</u> |
| Total | <u><u>1,636</u></u> | <u><u>1,299</u></u> |

Amounts recognised in Other Comprehensive Income:

| | | |
|---|-----------------------|-----------------------|
| Return on pension plan assets | (799) | 761 |
| Changes in assumptions underlying the present value of plan liabilities | <u>(4,060)</u> | <u>(2,165)</u> |
| Total | <u><u>(4,859)</u></u> | <u><u>(1,404)</u></u> |

Movement in net defined benefit liability during year:

| | | |
|---|------------------------|-----------------------|
| Net defined benefit liability in scheme at 1 August | (5,319) | (3,131) |
| Movement in year: | | |
| Current service cost | (1,636) | (1,299) |
| Employer contributions | 672 | 611 |
| Net interest | (121) | (96) |
| Actuarial loss | <u>(4,859)</u> | <u>(1,404)</u> |
| Total | <u><u>(11,263)</u></u> | <u><u>(5,319)</u></u> |

PLUMPTON COLLEGE

| Notes to the Financial Statements For the Year Ended 31 July 2020 | 2020 £'000 | 2019 £'000 |
|--|-----------------|-----------------|
| Asset and Liability Reconciliation | | |
| Defined benefit obligations at start of period | (20,730) | (17,006) |
| Current service cost | (1,636) | (1,299) |
| Interest cost | (451) | (490) |
| Contributions by Scheme participants | (210) | (206) |
| Experience gains and losses on defined benefit obligations | - | - |
| Changes in financial assumptions | (4,060) | (2,165) |
| Estimated benefits paid | 364 | 436 |
| Past Service cost | - | - |
| Curtailments and settlements | - | - |
| Total | (26,723) | (20,730) |
| Changes in fair value of plan assets | | |
| Fair value of plan assets at start of period | 15,411 | 13,875 |
| Interest on plan assets | 330 | 394 |
| Return on plan assets | (799) | 761 |
| Employer contributions | 672 | 611 |
| Contributions by Scheme participants | 210 | 206 |
| Estimated benefits paid | (364) | (436) |
| Total | 15,460 | 15,411 |

McCloud/Sergeant Judgement

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2020. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.