REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Leadership Team with substantive leadership responsibilities and were represented by the following in 2019/20:

Peter Kennedy	Principal and CEO; Accounting Officer
Sue Wallis	Deputy Principal
Wendy Ellis	Assistant Principal and Director of Finance
Martin Goodhand	Assistant Principal

Board of Governors

A full list of Governors is given on pages 20-23 of these financial statements.

Sharon Stenton acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

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

Bankers

Lloyds Bank plc
2nd Floor
14 Church Street
Sheffield
S1 2HP

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Solicitors

Wilkin Chapman LLP Solicitors
Cartergate House
26 Chantry Lane
Grimsby
DN31 2LJ

Menzies Law
St Brandon's House
29 Great George Street
Bristol
BS1 5QT

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REPORT OF THE GOVERNING BODY

Nature, objectives and strategies

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Franklin Sixth Form College. The College is an exempt charity for the purposes of part 3 of the Charities Act 2011.

The Corporation was incorporated as Franklin Sixth Form College. Subsequently the Secretary of State granted consent to the Corporation to change its name to Franklin College.

The College designation as the Sixth Form College for North East Lincolnshire formally became effective on the 1 April 2010. Its strategic role is underpinned by this special status.

Vision

The College's vision is to provide the best possible life chances for young people; to promote learning and to inspire success.

Public Benefit

Franklin College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 20-23.

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

The delivery of public benefit is covered throughout the Report of the Governing Body.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching, learning and assessment
- Widening participation and tackling social exclusion
- Excellent employment record for students and progression to higher education programmes
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnership (LEPs)

REPORT OF THE GOVERNING BODY (CONTINUED)

Strategic Objectives

Franklin Sixth Form College, in common with all incorporated further education and sixth form colleges in England, is planning the delivery of its strategic objectives against a backdrop of uncertainty, the most significant contributor to this uncertainty is Covid-19. The virus has affected all educational establishments' activities and operations. The College has taken a risk based approach to the pandemic, placing the safety of its students and staff at the heart of all decisions taken. In the weeks leading up to lockdown the College began scenario planning. This included a full move to online learning. With relatively short notice the College was able to mobilise all students and staff to learn and work remotely. The College's ability to respond effectively was aided by the ongoing historic strategic investment in the College's IT infrastructure. The College achieved high levels of engagement from students throughout the lockdown and mechanisms were quickly implemented to support those students with higher educational, emotional and financial needs.

The College continues to collaborate strategically with four other local sixth form colleges (John Leggott College in Scunthorpe, Wilberforce and Wyke Sixth Form Colleges in Hull and Scarborough Sixth Form College) which make up the Venn Group. In common with our four partners, Franklin College will continue as an independent, incorporated sixth form college, a structure which Governors and senior leaders believe offers the greatest range of flexibility and opportunity for a provider of sixth form education. Governors have already made a clear statement that they wish the high-quality provision at The College to continue, and for real choice to be available to young people and their families at age 16. We will in addition retain and further develop our adult skills provision.

The College Governing body is, however, cognisant of the changes taking place within the SFC Sector, and so retains the prerogative to explore proactively any structural change opportunities that might be of greater benefit to the College's future, within the scope of the mission.

Implementation of the Strategic Plan 2018-2020

(a) Strategic Ambitions

The College's Strategic Ambitions for 2018-2020 were developed following consultation with students, staff and Governors, and constitute the objectives for Franklin Sixth Form College for the duration of the Strategic Plan to 2020. The 2018-2020 Plan contained six Strategic Ambitions:

1. Student Success

Aim: To ensure that students achieve the best possible outcomes on all Study Programmes

Strands

- *To inspire, challenge and motivate all our students to have the highest aspirations, and to achieve challenging progression aims, regardless of their prior attainment*
- *To promote high standards and set high expectations to enable all students to achieve their best*
- *To provide outstanding teaching, learning and assessment for all students on all courses*
- *To ensure all groups of students achieve to their full potential by identifying and removing any barriers that prevent equality of outcomes*
- *To ensure that all students have challenging and achievable individual learning goals, and can achieve these through timely and appropriate guidance and support*
- *To ensure that assessment is an effective diagnostic and predictive tool, and that target setting facilitates progress*
- *To ensure that all students make at least the progress that is expected of them, and to work with students and other teaching and support colleagues to stretch individual potential*
- *To enable independent, flexible learning outside the classroom through the appropriate use of resources*

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

- *To inform parents and carers regularly and clearly about progress against our aspirational expectations, and to engage them in supporting and motivating students to achieve their aspirational targets and progression goals*
- *To ensure that equality, diversity and inclusion are comprehensively promoted and that these themes are strongly prevalent across all aspects of College life.*

2. Student Progress

Aim: To ensure that each student is given the best opportunity to achieve their individual career aims and that a culture of high aspiration is embedded across the College

Strands

- *To ensure students will have access to a range of enrichment and other opportunities as part of their Study Programmes that will inform them about progression pathways, and develop emotional resilience and employability skills*
- *To ensure students will be given high quality progression advice and guidance and will be encouraged to aspire to the most competitive progression routes*
- *To enable the College to build strong relationships with HE providers and employers to provide the best opportunities for students including work-related learning*
- *To ensure that students will develop employability skills and emotional resilience which will give them a competitive advantage in securing the best HE places and employment opportunities*
- *To ensure that students will have subject-specific advice and guidance relating to employment and HE opportunities*
- *To ensure that the College's curriculum will be reviewed annually to ensure that it is responsive to the changing local and national employment context and meets student needs.*

3. Student Experience

Aim: To ensure that the College challenges students to broaden and deepen their experience to significantly improve their life chances

Strands

- *To ensure that students will continue to be positive about their experience of College, and will provide constructive feedback to help the College improve provision and welfare*
- *Progress coaches, the tutorial programme, enrichment and curriculum lessons will continue to promote success and student satisfaction*
- *An outstanding enrichment and employability programme will challenge students and enhance employability skills*
- *The College will continue to be inclusive and learners will feel happy and safe, and that statutory obligations with regard to child protection, safeguarding and Prevent are met and exceeded*
- *The range of support services will be further developed to help students to succeed.*

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

4. Capacity to Improve

Aim: To build the capacity of staff to enhance student success, progress and future life chances

Strands

- *To be recognised as a fair employer; recruiting, retaining and developing staff to have the skills and motivation to ensure outstanding student experiences, outcomes and progression*
- *To ensure that performance management and quality improvement processes swiftly and accurately identify any areas of underperformance and their causes are addressed through swift and effective intervention, and result in rapid improvement*
- *To ensure that individual staff and teams are supported through relevant and appropriate staff development, coaching and mentoring*
- *To develop a sustainable approach to leadership and management through succession planning*
- *To develop the College's capacity to recruit, performance manage and deploy its human resources*
- *To develop models of Governance that ensure that College leaders are challenged and held to account, within the context of a supportive and critically-friendly relationship.*

5. Partnership and Community

Aim: To make a unique contribution to partnership working – locally, regionally and internationally

Strands

- *Take a leading role in the delivery of effective partnerships with local educational and training providers and employers to enhance the achievement of young people*
- *To develop formal collaborations and partnerships that will support our ambition to be a significant engine for the improvement of educational standards in the area, at primary, secondary and tertiary phases – building on best practice of members and working collaboratively to intervene as appropriate and required*
- *To develop an effective marketing and schools liaison strategy and operation that ensures young people and their families/teachers are well-informed about what the College can offer, and which maps out and creates an application pathway designed to maximize recruitment and ensure that students choose the right course for their ambitions, academic potential and career pathway*
- *To promote the opportunities for young people to contribute and enhance their local community*
- *To provide a platform for young people to engage with stakeholders and the wider community to influence policy and practice.*

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

6. Sustainable Future

Aim: To ensure a successful and sustainable future through the effective management, marshalling and use of financial and human resources

Strands

- *To develop and implement financial and operational planning to ensure that the College achieves an income and expenditure account surplus by 2021-22, and to maintain positive cash generation from ordinary activities*
- *To remain financially sound so as to deliver its strategic ambitions by:*
    - *protecting itself against unforeseen adverse changes in learner recruitment and/or changes to the funding methodology*
    - *generating sufficient income to enable maintenance and improvement of its accommodation, IT infrastructure and other resources*
    - *building in flexibility and resilience to enable the College to react to potential opportunities*
    - *maintain the confidence of students, staff, external partners, regulatory body, funders and auditors*

  Specifically these ambitions will be achieved by:
    - *Maintaining a sound financial base (solvency and liquidity)*
    - *Adopting systems and policies to ensure solid financial management*
    - *Maintaining the confidence of funding body, suppliers, regulatory bodies, auditors and other professional advisors*
    - *Raising awareness of financial issues*
    - *Maintaining College assets, accommodation and equipment*

- *To develop the risk appetite of managers and Governors such that opportunities for development, partnership and structural change can be taken as appropriate*
- *To make best use of available funding to meet the resource needs of students and staff*
- *To develop and operate effective welfare, health and safety policies and practices in consultation and collaboration with all staff. Being proactive on all matters relating to welfare, health, safety and wellbeing through a dedicated cross-College group*
- *To develop the College's estate and other resources to maximise available capital and revenue funding designated for that purpose, and to seek grant-funded and other capital funding opportunities (including through the LEP and ESFA)*
- *To develop environmentally sustainable approaches within the College in order to set an example to learners, and to ensure best value for the College*
- *To ensure that everyone feels safe at the College, and that all legislative requirements are fulfilled.*

(b) Operating Review, Key Developments and Strategy

The College Corporation approved the three year Strategic Plan 2019-2022 in December 2019. Governors, staff, students and other stakeholders contributed to the plan which sets out the College's vision and strategic objectives until 2020. The Strategic Plan is consistent with, and is underpinned, by the College's three year Finance Plan 2019-2022. The College will continue to review strategy as the full impact of the changing political, economic and health climates become clearer. The amount of funding available for students aged 16-19 continues to represent a significant challenge against a back drop of rising costs. The College's plan to manage these risks includes a continuous review of staffing and structures, its curriculum and services, including reviewing pay and non-pay costs as well as developing a wider range of other income generating and partnership activities.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

The College was subject to an Ofsted inspection in September 2018 which resulted in an evaluation that the College is GOOD across all inspection aspects.

i. 11 - 19 Provision: Partnership

With all local secondary schools being effectively independent of the Local Authority (all are now members of multi-Academy trusts [MATs]), the College has developed a strategic approach to 11-19 partnerships. In response to the diminished role of the Local Authority, the College is committed to developing partnership models that enhance and support educational attainment and aspiration, and developing clear guidance and progression pathways that make a positive contribution to individual economic well-being and wider economic regeneration.

The College's support for local schools in 2019/20 included wider collaborative working through strategic engagement with the Humber Teaching School for Initial Teacher Training and continual professional development relating to post-16 provision.

The College has a history of good partnership working arrangements with most of the ten secondary academies in North East Lincolnshire and other schools in northern Lincolnshire, and three members of the College Leadership Team are on the governing bodies of four secondary academies in the area (including as Chair).

In addition to the work the College has and continues to do with secondary academies, it is developing its links with primary schools in the area. Up to March 2020 it delivered a wide range of enrichment activities (including sports) to local primaries.

The College also engage widely with a range of stakeholders including the Local Authority, Humber LEP, Greater Lincolnshire LEP and forums/groups developed to promote the area and community.

We are a key partner of the Humber Teaching School, where we provide post-16 experience to ITT and other trainee teachers. In addition, we have close links with Bishop Grosseteste University in Lincoln and are a placement centre for their trainee teacher programmes.

ii. 16-18 Provision

Student numbers are predicted to increase in 2021/22 when Year 11 numbers in North East Lincolnshire (and across northern Lincolnshire) rise significantly. The College is the main provider of Level 3 courses in the area, particularly GCE A levels. The numbers of young people able to access Level 3 is expected to increase, due to a combination of the raising of the participation age, employment prospects for 16 and 17 year olds, and the underlying improvement in KS4 outcomes. To meet these challenges, the College annually reviews both its strategic and financial plans to ensure our provision is fully accessible and relevant to young people in the area.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

The College competes with a wide range of local providers for 16-18 learners:

- Grimsby Institute of Further and Higher Education (GIFHE) recruiting mainly to Level 1/2 and Level 3 vocational programmes, and to L3 academic programmes through Career6, the sixth form of The 14-19 Academy Grimsby (TAG) which is part of the Grimsby Institute Group
- Tollbar Sixth Form College offer A level programmes
- Of the other local 11-18 Academies, only Havelock retains an active sixth form, with a small, varied Level 2 and 3 offer
- Comprehensive and Grammar schools in Louth, Market Rasen, Alford and Caistor (offering mainly GCE A level at Level 3).

The College has developed a wide range of vocational courses which provide improved access from the current arrangements in Key Stage 4, and offer successful progression pathways alongside (and in some cases combined with) GCE A levels and GCSEs.

Since 2015/16 the College has included English and Maths (including, or leading to, GCSE) in the Study Programmes of students who had not achieved a minimum of Grade 4 by the time they left secondary school. For many years the College has delivered such provision to our Level 3 and Level 2 students – these are passport qualifications for further study and employment – and have existing expertise in this area. The achievement of a standard pass grade or better (4+) in resit GCSE maths and English in 2019 continues to be significantly above the sector average and over 20% above the national rate for all providers.

Student numbers (16-18) increased with the 2018/19 intake despite the demographic low point for the area. In terms of 'new' students, the College enrolled around 180 more in 2019 than 2018 which means that the planning for growth completed in 2018/19 ahead of the 2019/20 academic year has been very fruitful. The College did however, see a greater than planned growth of circa 50 students in 2019/20. The increased number of students plus the actual geographical location of those students meant that further investment in certain areas of operation including the procurement of two additional buses was required in order to meet the increased capacity needs. In 2020 recruitment was lower than anticipated for that year but in line with the year to date growth expectations over the life of the strategic plan.

College accommodation and resources were sufficient in 2019/20 to successfully meet the additional student numbers. It should be noted however that we have an appetite for further capital expansion, provided that such costs are wholly met through grant funding.

Key developments 2019/20 include:

- Support and further develop the quality of teaching, learning and assessment across the College; in particular the delivery of online teaching and student support.
- Focus on student outcomes, particularly in relation to added value and progression pathways.
- Investment in the College site to accommodate the buses on site to meet the increased needs for social distancing and ensure the safety of staff and students.

iii. Employer Engagement

In collaboration with John Leggott College, North East Lincolnshire Local Authority and North East Lincolnshire CCG, the College is focussing on student progression opportunities, especially as they relate to the new normal. The banner of 'Centre for Professional Development' (CfPD) encompasses the notion of the College's place within its community and playing its part in the economic regeneration of the region through educating a large proportion of the regions level 3 16-19 year old cohort. It also subsumes the College's sector-leading work in Career-Ready and Franklin Professionals programmes and the Careers support functions and partnership activity with which the College is involved. It also encapsulate the College's Regional STEM Conference and Exhibition (annually in March) and further developments of the College's Careers and Progression annual event and mode of operation.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

The CfPD parlance is developing momentum as a partnership vehicle with regional stakeholders including GL-LEP, Lincolnshire LA, Lincoln University and others, and its further development into elements of Adult and Community education is gathering pace.

19+ Provision

The College's part-time adult education provision continues to be guided by local demand and LEP priorities. A priority area is training to help the local population to gain employment, particularly in the health sector. The provision is predominantly English and Maths (both GCSE and Functional Skills), ESOL, part-time vocational programmes in health related, childcare and teaching assistant support. We continue to have a sub-contract partnership provision with the Skills Network offering home study programmes in work related and personal development courses.

(c) Quality Development

The College has a strong focus on improving outcomes for all students, with a particular emphasis on learner retention. Value added (the difference between qualifications on entry and what a student can achieve at the next tier of learning) remains a significant College strength in the area, although remains a key improvement objective in meeting the stated aim of securing an Ofsted Outstanding judgement.

Key strengths identified include:

- Good achievement rates in GCE A Level, and excellent achievement rates in vocational L3 and L2 qualifications
- Good progress made by learners, including good levels of added value on Level 3 programmes
- Good student support arrangements, including the monitoring of teaching learning and assessment and effective and timely interventions
- Excellent progression pathways for students leading to higher education destinations, into employment with training, and into further education and training
- Good teaching, learning and assessment
- Wide range of provision at L3 that meets the needs of a diverse range of students, and the needs of local employers
- Good social and educational inclusion
- Good financial management
- Good governance, providing robust challenge to senior leaders and with a strong mix of skills and relevant experience.

Areas for improvement the College is addressing include:

- Develop and implement strategies to assure sustainable financial planning in 2020/21 and beyond, exploring opportunities for income, pay and non-pay costs (see below)
- Improve value added further overall at A Level and especially in those areas/courses where this is below average
- Quicken the pace of improvement of courses where this is below the College's average performance in terms of headline achievement rates and/or value added performance
- Increase student recruitment through a continued strengthening of the College's Marketing and Schools Liaison function.
- Further development of partnership work across curriculum and cross college functions with key partners, notably JLC in Scunthorpe within the context of both cost saving and quality improvements.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

Property Strategy

In the period under review the College recruited a new Premises Manager who, working with other staff teams and small works contractors, has enabled the College to take forward several capital projects including:

- Installation of IT cameras and sound bars in teaching classrooms
- Implementation of Gas Safety upgrades to science rooms
- Increasing the number of independent learning spaces outside the classrooms for students
- Essential maintenance to teaching areas including re-decoration of staff rooms and common areas and repairs to roofing
- Bringing the mothballed nursery building into scope as a learning space, including fitting a new boiler.

In looking forward, the College recognises that student numbers are predicted to increase in 2021/22 when Year 11 numbers in North East Lincolnshire (and across northern Lincolnshire) rise significantly. While teaching space can accommodate this rise, social space within the College will be placed under increasing pressure. This is being considered alongside Covid-19 control measures such as increased social distancing. The College will therefore commence planning for capital works to social spaces and the removal of the Chelmsford Suite in 2020/21

Financial objectives

The College wishes to remain financially sound so as to deliver its strategic ambitions by:

- Protecting itself against unforeseen adverse changes in learner recruitment and/or changes to the funding methodology
- Generating sufficient income to enable maintenance and improvement of its accommodation, IT infrastructure and other resources
- Building in flexibility and resilience to enable the College to react to potential opportunities and threats
- Maintain the confidence of students, staff, external partners, regulatory body, funders and auditors.

Specifically these objectives will be achieved by:

Maintaining a sound financial base (solvency and liquidity) by aiming to:

- Achieve an operating surplus on the income and expenditure account in financial year 2020-2021
- Achieve an operating surplus as a percentage of income of between 3% and 5% by 2021
- Achieve an adjusted current ratio greater than 1:1.5 throughout the life of the plan
- Ensure that pay as a percentage of income returns to at least 76% or lower across the life of the Plan
- Ensure total borrowing remains as a percentage of income of less than 40% throughout the life of the finance plan
- Maintain cash days of 60 or more throughout the life of the plan
- Maintain at least a Financial Health Grade of Good throughout the strategic plan.

These financial targets have been developed with a view to achieving a financial health score of 'Outstanding' within three years. However, the College Leadership Team and the Corporation recognise that, in the short-term, the priority over the life of the finance plan must be to return to a position of positive cash flow from ordinary operations. This will be achieved from 2019-20.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

Adopting systems and policies to ensure sound financial management by:

- Producing timely management accounts on a monthly basis incorporating:

  a) commentary including key risks with a specific section reporting on the financial impacts of Covid-19
  b) cost centre income and expenditure account
  c) consolidated balance sheet
  d) capital expenditure progress report
  e) 12-month rolling cashflow forecasts
  f) reports on the progress towards key performance indicators (including information relating to Human Resources)
  g) regular treasury management activity reports
  h) regular ad-hoc reports on the performance of specific business areas

- Ensuring that College financial regulations and procedures are in place, adhered to, and are periodically reviewed for appropriateness
- Strengthening procedures for testing the desirability and affordability of any proposals which have financial implications
- Adhering to the highest standards of regularity, including the implementation of a robust procurement policy
- Introducing post-implementation review procedures for assessing the success or otherwise of major investments
- Creating business plans, cost centres and project management structures to reduce the risk of lost opportunities.

Maintaining the confidence of the funding body, suppliers, regulatory bodies, auditors and other professional advisors by:

- Providing financial and non-financial returns on time and in the agreed format (e.g. ESFA Capital Fund returns, Value Added Tax returns, Office for National Statistics declarations, pensions and payroll related returns)
- Ensuring all returns requiring audit certification are unqualified (positive external audit outcomes during 2018-2019)
- Ensuring competitive tendering is adopted for large scale projects above financial thresholds as described within College financial regulations
- Ensuring all suppliers of goods and services are paid within agreed credit terms.

Raising awareness of financial issues by:

- Providing advice, guidance and training to staff, management and Governors on financial issues
- Seeking the views of budget holders and others on the effectiveness of the operational finance team and on the use of College resources
- Regular briefings by the Assistant Principal & Director of Finance on the financial position to the College Leadership Team and Corporation.

Maintaining College assets, accommodation and equipment by:

- Ensuring an asset management plan is in place and up to date
- Ensuring adequate procedures are in place to protect assets from loss, theft and neglect, including regular reviews of the College's insurance portfolio
- Generating sufficient funds to ensure that the College's specified programme of planned maintenance, property strategy and CILT replacement policy can be implemented.

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance Indicators

Financial results

The College ended the year with a deficit before tax of £245,000 and cash balances of £1.4m (2019 £1.3m).

During the year Franklin College Trading Limited was dormant and will remain as a dormant entity for the foreseeable future.

Tangible fixed asset additions during the year 2019-2020 amounted to £61,000.

The College has significant reliance on the ESFA for its principal funding, largely from recurrent grants. In 2019-2020 these organisations provided 98% of the College's total income.

The College has in place a three year finance plan covering the period 2019-2022 that was approved by the Corporation in July 2019. The College Leadership Team and Corporation recognise that, in the short-term, the priority over the life of the finance plan must be to return to a position of positive cash flow from ordinary operations beyond 2019.

Key performance indicator	Measure/Target	Actual for 2019/20
Education specific EBITDA as % of income	> 5%	4.12%
Staff costs as % of total income	< 76%	75%
Adjusted current ratio	> 1:1	1:2.3
Borrowing as % of income	< 40%	0.56%
ESFA income as a % of total income	< 90%	98%
Financial Health Score	Good	Good

The College is committed to observing the importance of sector measures and indicators and uses the data available on the GOV.UK website which looks at measures such as success rates. The College also subscribes to the ALPS and Six Dimensions student progress performance measures. The College is required to complete the annual Finance Record for the Education Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having a "Good" financial health grading for the year 2018/19. The current rating of "Good" is considered an excellent outcome, the forecast financial health grading for the year 2019/20 is "Good".

Financial Health (ESFA)	2017/18	Good
	2018/19	Good
	2019/20	Good

The College's Financial Health score was assessed as Good in 2019/20.

EBITDA (Education Specific)	2017/18	2.06%
	2018/19	3.36%
	2019/20	4.12%

At the start of the financial year the Financial Health Grade was expected to be Requires Improvement. The actual outcome was improvement and this can be attributed in some part to the period of lockdown when most activity based costs such as utilities, transport and teaching materials were less than planned. Other additional costs in the move to online learning were incurred but not to an equal level: these included the capital purchase of laptops for students to access. Income remained stable during the period with a minimal amount of external lettings income not achieved. No staff were placed on furlough during lockdown and staff costs remained in line with budget.

Savings achieved impacted positively on cash which increased by £144,000 compared to the previous year. The defined benefit pension liability was negatively impacted in the period by £947,000.

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance Indicators (continued)

Student Outcomes

2020 outcomes were awarded on the basis of Centre Assessed Grades. In submitting our CAGs, we worked within the guidelines issued by Ofqual, which required us to submit grades that were consistent with the College's previous performance. We internally moderated teachers' submitted grades, and were careful to ensure that, where we were submitting grades that showed improvement, we could evidence that improvement through our own monitoring, and in line with our record of recent improvements brought from our focus in ensuring 'right student – right course'.

As with all providers, even though we provided CAGs in good faith, they are undoubtedly on the 'generous' side. This is because in any more normal year, some students will, for a variety of reasons, fail to attend the examination, lack sufficient preparation to reflect their abilities or struggle with the process and pressure of an examinations sitting and go on to underperform. These issues in concert however would not be of a scale sufficient to change the final position that this group of students outperformed their predecessors. They do however mean that we must recognise that we still have work to do to consolidate these improvements and to secure further improvements next year.

Whilst like-for-like comparisons are problematic given the CAG methodology and this strangest of years, the class of 2020 outperformed all previous cohorts at the College and we saw some significant individual successes worthy of note, including two students securing places at Oxford, two to veterinary programmes and two to Medicine.

2020 Recruitment

The significantly larger 2019 cohort has resulted in a larger second year than the College has known in recent years. 2020 'new student' recruitment however has not consolidated the gains made last year. The overall result is that whilst the College 16-19 cohort is roughly the same as last year, the 2021 intake will include a smaller second year/returning cohort and, so that growth in student numbers is predicated on significant growth in new student recruitment. The significantly larger Y11 cohort in 2020/21 suggests that this is likely to occur, although it pushes back the large overall cohort growth planning to 2022.

Treasury policies and objectives

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

The College has a separate Treasury Management Policy in place. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Cash flows and liquidity

The College's cash position as at 31 July was £1.4m (2019: £1.3m).

The increase in cash of £144,000, (2018/19: £217,000) from operating activities was better than financial planning expectations. The net cash inflow resulted from additional capital funding received, lower than expected student bursary awards and less operating expenditure than planned due to the enforced Covid-19 lockdown. Capital expenditure increased in the period as a result of Covid-19 as additional laptops, classrooms cameras and sound bars were purchased to support online learning.

Cash flows and liquidity (continued)

The College had no bank borrowings (but does have a finance lease) to report in the period and has structured its approach to placing funds on deposit to maximise interest rates available while ensuring funds are available to meet planned operations.

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance Indicators (continued)

Reserves policy

The College recognises the importance of reserves in the financial stability of an organisation, whilst ensuring resources are provided for the College's core business. The College is in the process of formulating a reserves policy to establish appropriate levels of free reserves to ensure the College's main operations would continue during a period of change or uncertainty. The aim of the policy is to maintain at least enough unrestricted cash to pay the College's operating expenses including salaries for a minimum period of 60 days. The College currently has no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserves stand at £1.9m (2019: £3.1m). It is the Corporation's intention and focus to increase the College's reserves over the life of the Strategic Plan.

Increased levels of cash at the year-end positively impacted on the number of days the College held cash. This is considered a temporary increase and the financial plan for 2020/21 assumes an increase in costs in August and September 2020 as College prepares to welcome students back on site in a Covid safe environment. Typical expenditure incurred in these months included additional PPE, cleaning solutions, increased cleaning staff costs, work station and desk dividers, new smaller desks, cameras and sound bars for classrooms.

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance Indicators (continued)

The number of calculated unrestricted days has been reviewed and remains appropriate.

Events after the end of the reporting period

There are no post balance sheet events to report for the period.

Resources:

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site.

Financial

The College has £3.1m of net assets including £2.9m pension liability.

People

The College employs 119 people (expressed as full time equivalents), of whom 65 are teaching staff.

Reputation

The College has an outstanding reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

REPORT OF THE GOVERNING BODY (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Accounting Officer and College Leadership Team receive regular reports through the Board Assurance Framework and other sources of external assurance. From this information they undertake a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit Committee will also consider any risks which may arise as a result of any new area of work being undertaken by the College. The analysis of risks and any commissioned assurance reports are endorsed by the Corporation on the recommendation of the Audit Committee.

The College operates a Board Assurance Framework and through this process maintains a risk register at College level which is reviewed at least monthly by the Board Assurance Committee, which includes the College Leadership members. The register is also reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The College consider that the risks associated with Covid-19 have the potential to impact all risks and as such no single new risk was created for Covid-19. Instead, each risk owner considered their risks alongside Covid-19 and reported any impacts identified together with control measures to mitigate or manage the risk impacts.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Government funding

The College has considerable reliance on continued Government funding through the further education sector funding bodies. In 2019/20, 98 % of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at least the same levels or on the same terms.

The College is aware of several issues which may impact on future funding, including changes to apprenticeships, the devolution of the adult education budget, and most notably, the economic impacts of Covid-19 on central government budgets. The College, in conjunction with its key stakeholders, is developing both a strategy for growth in response to these agendas and a continued ability to meet alternative ways of delivering education including increased online provision.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training
- By ensuring the operational model for the delivery of education can respond to both physical onsite and online delivery
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- The establishment of a sub-contractor framework to assist in delivery of the College's Adult Education provision
- Ensuring the College remains focussed on providing accessible education for the local community
- Regular dialogue with funding bodies.

REPORT OF THE GOVERNING BODY (CONTINUED)

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 Riding Pension Fund.

Failure to maintain the financial viability of the College
The College's current financial health grade is classified as "Good" as described above. This is largely the consequence of reduced pay and non-pay costs in line with reduced income and a growth in student numbers. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in-year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies.

Future Prospects

Stakeholder relationships

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

- Students
- Parents
- Sixth Form Commissioner
- Education and Skills Funding Agency
- Staff
- The LEP (currently both Humber and Greater Lincolnshire)
- Local employers (with specific links)
- Local Authorities
- Government Offices
- The wider local community
- Other FE institutions
- Higher Education Institutions
- Trade unions
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them, through all forms of current communications, achieved through both physical and online platforms.

REPORT OF THE GOVERNING BODY (CONTINUED)

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality Policy is published on the College's Intranet site.

Franklin College is committed to enabling individual students to achieve their full potential in a supportive and inclusive environment.

We welcome applications for study and employment from all individuals, regardless of any protected characteristic as defined in the Equality Act 2010 and socio-economic background.

We are actively involved in developmental work to support the increasing number of home educated young people in the local population.

Franklin Sixth Form College has an Equality & Diversity policy statement dated January 2018 and a Single Equality Duty Action Plan. An annual report is produced and is published in October each year.

The aim of the College's Equality and Diversity Policy is to eliminate and, ideally, prevent and ultimately eliminate all forms of unfair discrimination that might occur in the College.

The College will continuously strive to:

- Develop an awareness of equality and diversity issues amongst all staff, students, Governors and visitors
- Encourage the promotion of equality and celebration of diversity in all aspects of College life
- Foster good relations between persons who share protected characteristics and persons who do not share them
- Ensure that all members of the College community are valued equally
- Eliminate discriminatory practices, ensuring equitable treatment within the College and responding promptly to any concerns regarding inequitable treatment
- Eliminate all forms of harassment and victimisation
- Monitor equality and diversity and deal with any concerns which arise
- Comply with all general and specific duties set down by the public sector equality duty.

The College's Equality and Diversity policy statement demonstrates our commitment to the values of the Equality Act 2010 which provides a single overriding legal framework to replace all of the different equality laws.

Equality and Diversity is more than just meeting legal obligations. It is about making a positive difference to the lives of the people we serve in the way we work each day, treating all people with dignity and respect and recognising the value of each individual as a unique member of the College community. The College has a clear vision and a set of core values which enables it to be committed to eliminating inequitable treatment, advancing equality of opportunity for all and fostering good relations between different people throughout the organisation.

The College's recruitment and selection process is free from bias and discrimination as documented within our Recruitment and Selection Policy. Recruitment procedures will be conducted objectively and any decision regarding an applicant's suitability for a post will be based upon specific, non-discriminatory job-related criteria.

All staff will undertake appropriate training and updating on Equality and Diversity. This will include covering all aspects of the College ethos and core values related to Equality and Diversity.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starts is carried out on an ongoing basis.

REPORT OF THE GOVERNING BODY (CONTINUED)

Disability statement

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

Franklin prides itself in its disability access of the entire site. In addition, the College's dedicated Learning Support Team aim to identify, as early as possible, any new students who may have specific needs and then working with those students to make appropriate arrangements to the built environment to resolve complicated access issues in time for the arrival of those who may need additional support.

Trade union facility time

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

Relevant Union Officials

Numbers of employees who were TU officials during relevant period	FTE employee number
1	1

Percentage of pay bill spent on facility time

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

Percentage of time spent on facility time

Total cost of facility time	£1,538
Total pay bill	£5,371,507
Percentage of total bill spent on facility time	0.0003%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0%

Going Concern

The Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

In making this determination, the Corporation has given full consideration to the College's current performance in terms of student outcomes, its funding performance against target (linked to student number growth), the economic, social and political challenges facing North East Lincolnshire and the surrounding area, and its risk appetite relative to the attainment of its Strategic Ambitions. Cash flow forecasts for 2019/20 and beyond are very positive following a highly successful recruitment in September 2019 and a natural increase in the local demography for the region. The level of cash days in hand is set to rise further in 2020/21 to an average of 90 days, which is 40 days higher than the Six Form College Median forecast for that year of 50 days cash in hand.

Student outcomes at the end of full-time Study Programmes (and in the case of 19+ students, part time programmes) are good. Achievement rates are above national averages. Student progress against their starting points is good. Feedback from students and their families, and from employers, is positive.

REPORT OF THE GOVERNING BODY (CONTINUED)

Going Concern (continued)

Student destinations are good, with around 70% of leavers progressing to Higher Education, and 98% leave the College for positive destinations. The College's curriculum meets employer needs and is aligned with the strategic ambitions of the local authority and both the Humber and Greater Lincolnshire Local Enterprise Partnerships.

Student recruitment has not consolidated improvements made in 2019 as well as we had anticipated, however with the College set to benefit from a significant increase in the Y11 population in 2020/2021. An important element of forward planning is related to the capacity of the estate, which at present cannot cope with the likely pressures of the demographic upturn over the next five years. Recent amendments to the funding rate are very welcome and suggest that the College's medium term future is very strong indeed.

The College has an excellent local reputation and works closely with schools and employers to ensure its curriculum and destinations meet the needs of young people.

The College has a long track record of collaboration and co-operation with other organisations and institutions, with at its heart the core aim of improving the life chances of young people in North East and northern Lincolnshire. During 2016/17 the Venn Partnership was established and continues to grow in strength. The partnership, a collaborative federation including Franklin, John Leggott College in Scunthorpe, Scarborough Sixth Form College in Scarborough and Wilberforce and Wyke Sixth Form Colleges in Hull, continued throughout 2019/20.

In September 2018, the College was subject to an Ofsted Inspection, the outcome of this inspection being a grade of Good. The grade reflects the hard work and relentless focus on quality of provision and student outcomes, this focus continuing through 2019/20.

The Corporation have considered actual financial performance in the period against planned financial performance and have concluded that the year's outturn is better than expected. Early indicators for the academic year 2020/21 are slightly below the in-year recruitment but in line with the whole life financial plan assumptions to 2022. The Governors remain committed to retaining the College's incorporated status and are working closely with the Accounting Officer to explore options to allow this including greater, strategic collaboration with sixth form colleges in the region, in particular through the continued work within the Venn Federation of which the College is a member.

In establishing the going concern as a basis for the preparation of the financial statements, the College has reviewed the financial plan 2019-2022, forecast management accounts and future cash flow forecasts to 31 July 2021. These sources reflect a challenging period ahead but mitigating actions to reduce the risk include investment in the College's marketing and quality functions to drive increased student numbers and a continuing review of costs to support a continuous focus on achieving best value for money.

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

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:

Alex Baxter
Chairman

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business:

i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
ii. Having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the further education sector.

The Corporation recognises that, as a body entrusted with public funds, it has a particular duty to observe the highest standards of corporate governance at all times. To this end, it conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life and having due regard to the UK Corporate Governance Code and the Charity Governance Code insofar as it is applicable to the further education sector. In July 2015, the Corporation expressed its wish to adopt the English Colleges' Code of Good Governance and has worked to become compliant with it. The Corporation considered the adoption of the senior post holder remuneration code in July 2019 and at the meeting of the Remuneration Committee in November 2019. A Corporation decision on the matter was deferred in the run-up to the Covid-19 lockdown, but was taken in September 2020, when the Corporation decided to adopt the Code in its entirety. In the meantime, the College has complied with all the stipulations contained within the College Accounts Direction. The Corporation is also committed to exhibiting best practice in all aspects of corporate governance.

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

GOVERNANCE CODE

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020.

The Corporation

Throughout the year Governors contribute significant amounts of their time to support the strategic outcomes of the College. In order to accomplish these outcomes and to inform themselves through first-hand as to the ways in which the Strategic Plan is being achieved, Governors freely give the College their commitment and their time outside of the Corporation and Committee structure. They participate as "external" critical friends in curriculum and cross-College Self-Assessment and Quality Improvement Plan reviews (November and December) and the February mid-year reviews of the latter. They gain a better understanding of the College through their curriculum links and visits to their subject areas. Those with designated link responsibilities visit and attend meetings with the appropriate members of staff and departments. Governors are invited and attend extra-curricular occasions such as open evenings, progression and professional development events, and student performances, as well as representing the College at external events. The Corporation and Committee Chairs have been involved this year in the College's Aspiring Leaders programme, ensuring managers and potential managers understand the role of the Corporation and the importance of effective governance to Franklin. Governors are also encouraged to be involved with the Venn Partnership.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

The members who served the Corporation during the year and up to date of signature of this report were as follows:

Name	Date of Appointment	Term of Office	Status of Appointment	Committees Served	Occupation/ Experience	Attendance 2019/20
George Baker	23.11.2000 Reappointed on 23.11.2004 Reappointed on 23.11.2008 Reappointed on 23.11.2012 Reappointed 23.11.2016 (1)	23.11.2004 23.11.2008 23.11.2012 23.11.2016 23.11.2020	Independent Member	Audit	Chemical industry, Voluntary Services	Corporation: 2/4 Committee: 1/2
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day.					
Alex Baxter Chair wef 18.01.2016 Reappointed 13.09.2017 Reappointed 10.09.2019	30.09.2010 Reappointed 30.09.2014 (1) Reappointed 30.09.2018 (2)	30.09.2022	Independent Member	Search; Remuneration; Resources	Consultant, Defence Industry	Corporation: 4/4 Committee: 6/6
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day, Venn Partnership Meetings, Curriculum Links Day, attending Franklin College Aspiring Leaders launch and Committee Chair's Covid 19 meetings.					
Alan Bird	14.12.2016 (1) Leave of Absence from 25.02.2019 to 31.08.2019 Leave of Absence extended from 03.10.2019 to 20.11.2019	14.12.2020	Independent Member	Resources	Finance, Education	Corporation: 3/4 Committee: 2/2
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day, Curriculum Links Day, attending Centre for Professional Development event.					
Andrena Brader	11.12.2018	While a FC student	Student Member	Quality, Teaching and Learning	Student	Corporation: 2/4 Committee: 3/3
Joshua Briggs	08.03.2017 (1)	08.03.2021	Independent Member	Resources; Remuneration	Solicitor	Corporation: 3/4 Committee: 3/4
	Additional non-committee meeting activities conducted include: Chairing Appeals Committee meeting.					

Oliver Cropper	04.11.2019	While an FC student	Student Member	Quality, Teaching and Learning	Student	Corporation: 0/3
Carole Faulder	13.07.2006 Reappointed 13.07.10 Reappointed 13.07.2014 (1) Reappointed 13.07.2018 (2)	13.07.2022	Independent Member	Quality, Teaching and Learning; Search; Resources; Remuneration	Retired Local Government Officer	Corporation: 4/4 Committee: 9/9
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day, Curriculum Links Day, SEND Link Governor meetings, attending curriculum SAR/QiP, attending Franklin Professionals launch and Committee Chair's Covid 19 meetings.					
Helen Forman	16.09.2019 (1)	16.09.2023	Staff Member		Education, Sport, Safeguarding	Corporation: 3/3 Committee: 2/2
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day.					
Joanne Hewson	27.04.2018 (1) Leave of Absence from 17.12.2019 to 17.06.2020 Leave of absence extended from 17.07.2020 to 17.12.2020	27.04.2022	Independent Member	Audit	Local Government Senior Manager	Corporation: 1/1 Committee: 0/1
Geoff Hirst	26.09.2002 Reappointed 26.09.2006 Reappointed 26.09.2010 Reappointed 26.09.2014 (1) Reappointed 26.09.18 (2)	26.09.2022	Independent Member	Audit; Search; Remuneration	HR Consultant	Corporation: 4/4 Committee: 5/5
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day, Venn Annual Leadership Conference, Curriculum Links Day, attending curriculum and cross-college SAR/QiP meetings and Committee Chair's Covid 19 meetings.					
Sabine Holmes	14.12.2016 (1)	14.12.2020	Independent Member	Audit	Employment and skills training	Corporation: 4/4 Committee: 2/2
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day, Curriculum Links Day, attending curriculum and cross-college SAR/QiP meetings, attending Centre for Professional Development event and STEM event.					

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Nicki Jarvis	17.12.2019	While a parent of a FC student	Parent Member		Arts and heritage, Community engagement	Corporation: 2/3 Committee: 1/1
	Additional non-committee meeting activities conducted include: Curriculum Links Day.					
Peter Kennedy	01.05.2018	While the FC Principal	Principal	Resources; Search; Quality, Teaching and Learning	Education	Corporation: 4/4 Committee: 8/8
Greg Marsden	14.07.2015 (1) Reappointed 14.07.2019 (2)	14.07.2023	Independent Member	Resources; Quality, Teaching and Learning; Search; Remuneration	Retired Head Teacher, community leader	Corporation: 4/4 Committee: 8/9
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day, Curriculum Links Day, attending Franklin College Aspiring Leaders launch, Committee Chair's Covid 19 meetings and member of the Appeals Committee meeting.					
Catherine Stephens	07.10.2014 (1) Reappointed 07.10.2018 (2)	07.10.2022	Staff Member	Quality Teaching and Learning	Sport, Education, Marketing	Corporation: 4/4 Committee: 2/3
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day.					
Ellen Thinnesen	15.10.2015 (1) Reappointed 15.10.2019 (2) Resigned 17.12.2019	15.10.2023	Independent Member		Further and Higher Education, senior management	Corporation: 0/1
Sara Wood	13.12.2017	While a parent of a FC student under 19 years	Parent Member	Audit	Nursing, medical	Corporation: 3/4 Committee: 1/2

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Jerry Woolner	12.11.2015 (1) Reappointed 12.11.2109 (2)	12.11.2023	Independent Member	Resources; Quality, Teaching and Learning	MD of training organisation, management consultancy	Corporation: 3/4 Committee: 5/9
	Additional non-committee meeting activities conducted include: attending the Governors' strategy day, Curriculum Links Day, attending Franklin College Aspiring Leaders launch, Committee Chair's Covid 19 meetings, member of the Appeals Committee meeting, attending curriculum and cross-college SAR/QiP meetings and Safeguarding Link Governor meetings and enhanced training.					
Sharon Wroot	03.10.2019 (1)	03.10.2023	Co-opted Member	Resources	Finance, senior management, local authority	Corporation: 1/3 Committee: 1/3

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees comprise of Audit, Resources, Quality, Teaching and Learning; Remuneration, Search, and occasional special or Appeals committees.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.franklin.ac.uk or from the Clerk to the Corporation at:

Franklin College
Chelmsford Avenue
Grimsby
DN34 5BY

Corporation minutes are also made available on the College Website.

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 Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner prior to Corporation meetings. Briefings are also provided at each full Corporation meeting.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

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 roles of the Chairman and Accounting Officer are separate.

COVID-19

One meeting of the Corporation and two Committee meetings were cancelled in the light of the Covid-19 pandemic and the lockdown of the College. In all instances, matters requiring a decision were considered at the next available meeting.

The College considered the Procurement Policy Notices and their content and applied the content of the notices to ensure value for money within the supply chain was maintained. In only one instance, the College used the notice to safeguard the College's transport provision by making a financial contribution to a supplier equivalent to vehicles maintenance costs and 20% of staff costs. The financial contribution was made instead of the usual monthly costs, not in addition to the standard service costs. Overall the costs of this decision were less than might have been due in ordinary times.

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 Committee which comprises the Chair of Corporation, Chairs of Audit, Resources, Quality, Teaching and Learning, the Principal and one other Governor and is responsible for the selection and nomination of any new Governor for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

In July 2014, the Corporation agreed that, in accordance with good practice, Governors should not serve more than two terms of office. However, to ensure the continuance of an effective balance of skills and experience within the governing body, it was decided that this stipulation should be introduced incrementally, with the two terms provision applying to each existing governor from the date when their present term of office expired and their reappointment considered.

Corporation Performance

The Governors of Franklin College and the College Leadership Team are committed to ensuring the provision of effective governance. The roles, responsibilities and accountabilities of the Corporation and its Committees are clearly defined and Governors are active in ensuring that the decision-making structure is fit for purpose. Governors' skills sets are regularly reviewed to make certain that the experience and skills of Corporation members is appropriate to meet the roles and responsibilities of the governing body, and that recruitment of new Governors is effectively undertaken. New Governors undergo a programme of induction training and all Governors receive ongoing training, development and briefing sessions.

Regarding performance, Governors demonstrate a strong commitment to the College and to its vision, mission, values and culture. They are required to complete a self-assessment questionnaire annually which addresses both the effectiveness of the Corporation and each Governor's own personal effectiveness. In 2019/20, evaluation of the questionnaires indicated that Governors were either satisfied or extremely satisfied that they were working effectively as a Corporation. To continue achieving the positive results which the evaluation identified, Governors have expressed their determination to improve their own individual and collective impact and outcomes on a continuing basis. Corporation performance is also regularly reviewed against KPIs agreed and monitored by Governors.

Working relationships between Governors and the College Leadership Team are good and a positive atmosphere exists to support effective governance. At the same time, the need for constructive challenge by the Corporation is understood and is undertaken appropriately and effectively, while still maintaining the distinction between governance and management.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Corporation Performance

Corporation outcomes include the formulation, review and achievement of the agreed Strategic Plan and of standards of financial health and sustainability. Governors are effective in ensuring the student experience is positive and that targets for academic and service provision are being met. The required standards of accountability and legal and regulatory compliance are met and risk is well managed. Overall, the Corporation recognises and fulfils its important leadership role through effective governance.

Remuneration Committee

Throughout the year ending 31 July 2020, the College's Remuneration Committee comprised the Chair of Corporation, Vice Chair of Corporation and the Chairs of the Resources, Audit, and Quality, Teaching and Learning Committees and one other Governor. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other key management personnel.

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 the Chair of Audit and at least three other members of the Corporation (excluding the Accounting Officer and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's regularity and financial statements auditors, and any third party assurance providers, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Further Education funding body, as they affect the College's business.

The College operates a Board Assurance Framework which identifies risk, risk management controls and governance processes in accordance with an agreed assurance plan. The findings of the framework and third party assurance providers is reported to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations, and a programme of assurance undertakes periodic follow up reviews to ensure such recommendations have been implemented.

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

Statement from the Audit Committee

The Audit Committee has advised the Board of Governors that the Corporation has in place an effective framework for governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

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 those areas of the College's functions which could present either a financial risk, an operations and people risk and/or a reputational risk. The Audit Committee has monitored and considered the risk reviews carried out by the appropriate committees, given an opinion as to its assurance, and reported those outcomes to the Corporation.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

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 Financial Agreements between the College and its funding body. 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 Franklin College for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which 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 year 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:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- Regular reviews by the Resources Committee of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate.

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

The analysis of risks to which the College was exposed, and a programme of assurance was agreed with the Audit Committee. The Committee was provided with regular reports on the assurance activities in the college which included:

- Funder assessment and validation reports from the ESFA
- Independent peer reviews by other colleges within the Venn Group
- Independent quality and audit reports for specific areas of operations including JCQ Examinations audit, BTEC QRD/CTEC and A Level awarding body reports and Local Safeguarding Children's Board audits.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The risk and control framework (continued)

At a minimum annually, the Board Assurance Framework reporting mechanism provides the governing body with a report on assurance activity in the College. The report includes a statement on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

COVID-19

Since the lockdown of the College, the Corporation and its committees have operated virtually using Microsoft Teams. This has proved to be an effective means of ensuring the decision making process has continued efficiently, and it is planned to continue holding meetings in this way for at least the first part of the 2020/21 academic year.

Review of effectiveness

In the opinion of the Audit Committee, no significant internal control weaknesses or failures have arisen within the College as a result of the Covid-19 pandemic. The College's risk management processes have continued throughout the 2019/20 year and the effectiveness of risk reviews has not been impaired.

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".

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 Board Assurance Framework and external, third party sources of assurance
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors in their management letters and other reports.

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

The Accounting Officer and the College Leadership 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 Principal and the College Leadership Team and the Audit Committee also receive regular reports and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from The College Leadership Team and the Audit Committee.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Review of effectiveness (continued)

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. At its meeting on *15th December*, 2020, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from The College Leadership Team and board assurance reports, and taking account of events since 31 July 2020.

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".

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

Alex Baxter
Chairman

Peter Kennedy
Accounting Officer

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with 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, with contracts with the EFSA or any other public funder.

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

Alex Baxter
Chairman

15th December 2020

Peter Kennedy
Accounting Officer

15th December 2020

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards were followed, subject to any material departure disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Report of the Governing Body which describes the Corporation mission and how it is going about it, including the legal and administrative status of the Corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with ESFA'S grant funding agreements 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 sufficient to safeguard public and other funds and ensure that they are used properly. In addition, members of the Corporation are responsible for securing economical, 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 ESFA and other public bodies are not put at risk.

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

Alex Baxter
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF FRANKLIN COLLEGE

Opinion

We have audited the financial statements of Franklin College (the 'College') for the year ended 31 July 2020 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college 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 United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of income over expenditure 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors 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 other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF FRANKLIN COLLEGE (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation of Franklin College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 30, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 26 October 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

Date 25 January 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
INCOME			
Funding body grants	3	7,029	6,940
Tuition fees and education contracts	4	2	8
Other income	5	149	223
Investment income	6	5	4
Total income		7,185	7,175
EXPENDITURE			
Staff costs	7	5,372	5,127
Other operating expenses	8	1,545	1,756
Depreciation	11	470	484
Interest and other finance costs	9	42	26
Total expenditure		7,430	7,393
Deficit before other gains and losses		(245)	(218)
Deficit before tax		(245)	(218)
Taxation	10	-	-
Deficit for the year		(245)	(218)
Re-measurement of net defined benefit pension liability	17	(947)	(856)
Other comprehensive income for the year		(947)	(856)
Total comprehensive Income for the year		(1,192)	(1,074)
Total comprehensive Income for the year attributable to Corporation of the College		(1,192)	(1,074)

BALANCE SHEET AS AT 31 JULY 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	11	8,992	9,401
Investments	12	-	-
		8,992	9,401
Current assets			
Debtors	13	172	153
Cash at bank and in hand		1,427	1,283
		1,599	1,436
Current liabilities			
Creditors – amounts falling due within one year	14	(881)	(963)
Net current assets		718	473
Total assets less current liabilities		9,710	9,874
Creditors – amounts falling due after more than one year	15	(3,664)	(3,827)
Provisions for liabilities			
Defined benefit pension scheme	17	(2,901)	(1,712)
Other provisions	16	(80)	(78)
Total net assets		3,065	4,257
Unrestricted Reserves			
Income and expenditure reserve		1,909	3,053
Revaluation reserve		1,156	1,204
Attributable to the College Corporation and total unrestricted reserves		3,065	4,257

The financial statements on pages 34 to 58 were approved and authorised for issue by the Corporation on 15th December 2020 and were signed on its behalf on that date by:

Alex Baxter

Chair

Peter Kennedy

Accounting Officer

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2020

	Attributable to College corporation		
	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
College			
Balance at 1 August 2018	4,079	1,252	5,331
Deficit for the year	(218)	-	(218)
Other comprehensive income	(856)	-	(856)
Transfers between revaluation and income and expenditure reserves	48	(48)	-
Total comprehensive income for the year	(1,026)	(48)	(1,074)
Balance at 31 July 2019	3,053	1,204	4,257
Deficit for the year	(245)	-	(245)
Other comprehensive income	(947)	-	(947)
Transfers between revaluation and income and expenditure reserves	48	(48)	-
Total comprehensive income for the year	(1,144)	(48)	(1,192)
Balance at 31 July 2020	1,909	1,156	3,065

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
Operating activities			
Cash generated from operations	21	154	321
Taxation paid		-	-
Net cash from operating activities		154	321
Investing activities			
Investment income		5	4
Purchase of tangible fixed assets		61	(74)
		66	(70)
Financing activities			
Interest paid		(42)	(4)
Repayment of Finance Lease		(34)	(30)
		(76)	(34)
Increase / (Decrease) in cash and cash equivalents in the year		144	217
Cash and cash equivalents at beginning of the year		1,283	1,066
Cash and cash equivalents at end of the year		1,427	1,283

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

Franklin College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 24. The nature of the College's operations are set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

The financial statement present information about the College as an individual undertaking and not about its group, as the wholly owned subsidiary company is not material for the purpose of giving a true and fair view (individually and collectively).

Going concern

In the opinion of the Accounting Officer and Corporation, supported by the 2019-2022 finance plan submitted to the ESFA, the College remains a going concern.

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

The latest three year financial plan including a cash flow forecast prepared by the College covers the period 2019-2022. This shows that the College expects to maintain a healthy financial position over the period of the plan.

The financial impacts of Covid-19 during 2019/20 we positive as less volume driven expenditure was incurred and the IT infrastructure previously invested assisted the College to move to online learning. The resulting reduction in expenditure meant the College's cash was higher than planned.

Accordingly the Governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future and specifically for the period 18 months following the date the financial statements were signed, and for this reason will continue to adopt the going concern basis in the preparation of its annual Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Recognition of income

Grants – government and non-government

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

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Education Budget outside the permitted tolerance levels is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

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

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

Government capital grants for assets, other than land, are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Retirement benefits

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

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Fixed asset investments

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

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

Tangible fixed assets

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

Land and buildings

Land and buildings are stated at cost/deemed cost at the date of transition to FRS 102 less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Equipment

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

Depreciation and residual values

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

- Freehold buildings – 20 to 40 years
- Motor vehicles – 25 percent per annum
- Furniture, fixtures and fittings – 8-33 percent per annum
- Computer hardware – 20 percent per annum
- Computer software – 50 percent per annum
- Website software – 33 percent per annum

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

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

Impairments of fixed assets

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

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

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

Leased assets

Finance leased assets

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

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

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Leased assets (continued)

Assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset and assessed for impairment losses in the same way as owned assets.

Operating leases

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

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial Instruments

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

Financial assets and liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Taxation

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

The College receives no similar exemption in respect of Value Added Tax. The College registered for VAT in the period and is only able to recover input VAT in relation to the delivery of its on-site catering service. Capital costs and non-pay expenditure are therefore shown inclusive of VAT.

Provisions and contingent liabilities

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the 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 also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be reliably measured.

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

Agency arrangements

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Critical accounting judgements and estimation uncertainty

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

Critical areas of judgement

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

- Determined 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.

Critical accounting estimates and assumptions

- Tangible fixed assets

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

- Impairment of fixed assets

The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

- East Riding Pension Fund

The present value of the East Riding Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Funding body grants

	2020 £'000	2019 £'000
Recurrent grants		
Education and Skills Funding Agency (Adult Education)	420	425
Education and Skills Funding Agency (Apprenticeship income)	9	27
Education and Skills Funding Agency (16-19 Provision)	6,205	6,313
Specific grants		
Teacher Pension Scheme contribution grant	220	-
Releases of government capital grants	175	175
Total	7,029	6,940

4. Tuition fees

	2020 £'000	2019 £'000
Tuition fees	2	8
Total	2	8

5. Other income

	2020 £'000	2019 £'000
Catering	-	68
Other income generating activities	7	50
Miscellaneous income	142	105
Total	149	223

6. Investment income

	2020 £'000	2019 £'000
Other interest receivable	5	4
Total	5	4

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Staff costs and key management personnel remuneration

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

	2020 No.	2019 No.
Teaching staff	68	68
Non teaching staff	56	61
	124	129

Staff costs for the above persons were:

		2020 £'000	2019 £'000
Wages and salaries		3,988	3,948
Social security costs		369	363
Other pension costs		1,013	809
Payroll sub-total		5,370	5,120
Restructuring costs	- Contractual	2	2
	- Non Contractual	-	5
Total staff costs		5,372	5,127

7. Staff costs and key management personnel remuneration (continued)

The staff restructuring costs were approved by the Corporation.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team.

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	4	6

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Key management personnel		Other staff	
	2020	2019	2020	2019
	No.	No.	No.	No.
£50,001 to £55,000 p.a	-	1	-	-
£55,001 to £60,000 p.a	-	1	-	-
£60,001 to £65,000 p.a	2	1	-	-
£65,001 to £70,000 p.a	-	-	-	-
£70,001 to £75,000 p.a	-	-	-	-
£75,001 to £80,000 p.a.	-	1	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	1	1	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	-	-	-	-
£100,001 to £105,000 p.a.	-	-	-	-
£105,001 to £110,000 p.a	-	1	-	-
£110,001 to £115,000 p.a	-	-	-	-
£115,001 to £120,000 p.a	1	-	-	-
	4	6	-	-

7. Staff costs and key management personnel remuneration (continued)

Example disclosure:
Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 4 members of key management personnel were paid in the £50,001 to £120,000 banding in 2020 (2019:6).

Key management personnel is made up as follows:

	2020	2019
	£'000	£'000
Salaries	320	474
Benefits in kind	-	-
National Insurance	55	59
	375	533
Pension contributions	73	70
Total emoluments	448	603

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The governing body adopted AoC's Senior Staff Remuneration Code in September 2020 after considering the codes principals at the Remuneration Committee in October 2019 and the Corporation meeting in July 2020. Throughout 2019/20 the governing body applied the Codes principals.

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

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

	Accounting Officer 2020 £'000	Accounting Officer 2019 £'000
Salaries	108	106
	108	106
Pension contributions	25	17
Total	133	123

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Staff costs and key management personnel remuneration (continued)

Compensation for loss of office paid to former key management personnel

	2020	2019
	£	£
Compensation paid to one former post-holder - contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
Total	-	-

All severance payments were approved by the College's Corporation.

The remuneration of the accounting officer for 2019-20 was determined on 15th October 2019 by the College's Remuneration Committee. The accounting officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2020 included: the objectives that had been set, all of which were achieved; the success in performance of the College, most notably the improved academic achievements of students and the increase in student recruitment and the use of sector salary benchmark data (SFCA Workforce Survey 2018).

A similar approach was used to determine the remuneration of other key management personnel.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2020	2019
	No.	No.
Basic salary as a multiple of median basic salary of staff	4.1:1	4.6:1
Total remuneration as a multiple of median total remuneration of staff	5.5:1	5.1:1

Calculations do not include sessional workers on flexible working hours.

Governors' remuneration

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

The total expenses paid to or on behalf of the Governors during the year was £nil; (2019 £nil). Any amounts paid would represent travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiary during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Other operating expenses

	2020	2019
	£'000	£'000
Teaching costs	747	759
Non teaching costs	578	717
Premises costs	220	280
Total	1,545	1,756

	2020	2019
	£'000	£'000
Deficit before taxation is stated after charging		
Auditors' remuneration:		
Financial statements audit	14	11
Other services provided by financial statements auditors:		
Audit related assurance services – regularity	3	3
Other assurance services	1	1
Operating lease rentals	30	30

9. Interest payable and other finance costs

	2020	2019
	£'000	£'000
Interest on Finance lease	2	4
Net interest on defined pension liability (note 17)	40	22
Total	42	26

10. Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Tangible fixed assets

	Freehold land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2019	13,961	2,732	16,693
Additions	-	61	61
At 31 July 2020	13,961	2,793	16,754
Depreciation			
At 1 August 2019	4,841	2,451	7,292
Charge for year	336	134	470
At 31 July 2020	5,177	2,585	7,762
Carrying amount at 31 July 2020	8,784	208	8,992
Carrying amount at 31 July 2019	9,120	281	9,401

The net book value of equipment includes an amount of £38,521 (2019 – £75,601) in respect of assets held under finance leases.

Freehold land is not depreciated as it is considered to have an infinite useful life, the value of freehold land is £580,000. Land and buildings were valued in 1994 at depreciated replacement cost by a firm of independent chartered surveyors.

If inherited land and buildings had not been valued, they would have been included at the following amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Carrying amount based on cost	Nil

12. Investments

	2020 £	2019 £
Investments in subsidiary company	2	2

The College owns 100 per cent of the issued ordinary £1 shares of Franklin College Trading Limited, a company incorporated in England and Wales. The principal business of Franklin College Trading Limited is property development. Franklin College Trading Ltd has not traded in the year and the financial statements have therefore been prepared for the College only. The registered office of Franklin College Trading Limited is Chelmsford Avenue, Grimsby, North East Lincolnshire, DN34 5BY. Franklin College Trading Limited is a dormant company and therefore exempt from audit.

13. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	46	18
Prepayments and accrued income	126	135
Total	172	153

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Creditors - amounts falling due within one year:

	2020 £'000	2019 £'000
Obligations under finance Lease	39	37
Trade creditors	138	226
Other taxation and social security	92	98
Other creditors	309	288
Accruals and deferred income	34	32
Government grants – capital	174	167
Government grants - revenue	95	115
Total	881	963

15. Creditors - amounts falling due after one year

	2020 £'000	2019 £'000
Obligations under finance lease	-	39
Government capital grants	3,664	3,788
Total	3,664	3,827

Finance leases

The total future minimum lease payments are payable:

	2020 £'000	2019 £'000
In one year or less	39	37
Between one and five years	-	39
	39	76

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

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

16. Provisions for liabilities

	Enhanced Pension Costs
At 1 August 2019	70
Unwound utilised	1
Changes in financial assumptions for Wakefield and Wyvern transfer liabilities	