

Orchard Hill College

Annual Report and Financial Statements

31 July 2021

Charity Registration Number
1144922

Company Registration Number
07586715 (England and Wales)

Contents

Reports

Reference and administrative information	1
Trustees' report	3
Independent auditor's report	20

Accounts

Statement of financial activities	23
Balance sheet	24
Statement of cash flows	25
Principal accounting policies	26
Notes to the accounts	31

Reference and administrative information 31 July 2021

Members	John Brown Darren Coghlan Peter Holmes Roger Mills
Trustees / Directors	Peter Lauener (Chair) Rama Venchard (Vice Chair) John Prior (CEO) Julie Stockdale Simon Fryer (Appointed 2.7.2021)
Principal office	8 th Floor Quadrant House The Quadrant Sutton Surrey SM2 5AS
Telephone	0345 402 0453
Website	www.orchardhill.ac.uk
Charity Registration Number	1144922
Company Registration Number	07586715 (England and Wales)
Executive Senior Leadership Team	
CEO	John Prior
Chief Finance Officer	Corrina Jenkins
Chief Operating Officer	Janet Sherborne (Resigned 31.8.2021)
Chief Operating Officer Executive	Stuart Dixon (Appointed 1.8.2021)
Principal/ Deputy CEO	Laurie Cornwell
Principal	Kelly Phillips
Executive Director of Development	Lynn Barratt (Appointed 1.4.2021)
External Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information 31 July 2021

Internal Auditor TIAA Ltd
Artillery House, Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers Lloyds Bank Plc
49/53 High Street
Sutton
Surrey
SM1 1DT

Barclays Corporate Banking
1 Churchill Place
Canary Wharf
London
E14 5HP

Solicitors Veale Wasborough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

The Trustees present their statutory report together with the financial statements of Orchard Hill College ('OHC' or 'the College') for the year ended 31 July 2021.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 31 and comply with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

It should be noted that the directors of Orchard Hill College are the Trustees and as such both terms are used interchangeably throughout this report.

OBJECTIVES AND ACTIVITIES

Orchard Hill College is a specialist college committed to offering social and vocational opportunities for students in the heart of their communities. Our vision statement is "Building Futures, Changing Lives" and this commitment informs everything we do.

Our provision is open to students over the age of 16 with a wide range of additional needs. All students are individual and each programme is as unique as they are. Operating out of six main centres (rising to eight from September 2021) and additional satellite provision across London and Surrey, our programmes are designed to support and empower each student to achieve their aspirations and goals, whilst developing skills to become more independent members of their community. Alongside this, we work closely with families, local authorities, community stakeholders and other external partners in order to broker strong community associations that will support our students to build meaningful and fulfilling lives.

As a charity, our objects are to advance education, training, vocational and occupational opportunities for the benefit of the public in the following ways:

- promoting and widening participation in education, training, vocational and occupational opportunities, particularly for students with complex/profound/severe learning difficulties and/or disabilities and those who have been previously excluded from such opportunities and supporting practitioners who work with such students;
- improving the quality of education, training, work placements and employment prospects, particularly for students with complex/profound/severe learning difficulties and/or disabilities and those who have not previously been equitably represented in such opportunities and supporting practitioners who work with such students;
- recognising progress in all forms: promoting and improving access to education, training, work and employment opportunities, through the development and promotion of resources, provision, organisations and systems; and
- any other activity in its own work or work with others not covered by the above which, in the view of the Trustees directly enhances the charity's activities and objectives.

OBJECTIVES AND ACTIVITIES (continued)

Public benefit

In formulating the College's aims and in planning its activities, the Trustees confirm that they have had due regard to the general guidance published by the Charity Commission on public benefit.

ACHIEVEMENTS AND PERFORMANCE

Orchard Hill College was judged Outstanding by Ofsted in 2019, and continues to be so. The College provides exceptional opportunities for learning and meeting the needs and aspirations of our students. The College continues to respond to local community needs, working closely with 28 local authorities and other stakeholders, as well as a range of representative bodies and advocates in the wider sector more generally, in order to ensure that students are able to access bespoke educational and pastoral provision individually tailored to support transformative outcomes.

Orchard Hill College is an independent specialist college provider listed under Section 41 of the Children and Families Act 2014; it also delivers work related training through a Greater London Authority (GLA) funding grant as well as apprenticeship delivery and is on the Register of Apprenticeship Training Providers (RoATP). The College also delivers the highly regarded Diploma in Education & Training (SEND pathway) which is validated by Canterbury Christchurch College University.

Overall student numbers increased from 377 in 2019-20 to 447 in 2020-21, an increase of 18.6%, with overall retention at 94%. Across all courses and centres the quality of education students receive continues to be outstanding. Typically, 94% of teaching is at least Good, with 33% of teaching consistently Outstanding. The overall effectiveness of teaching is quality-assured using the Teaching Evaluation Schedule (TES).

The majority of OHC students attend a full-time course, Foundation Skills for Life and Skills for Work and Living, which are specialist Post-19 programmes for students with complex, profound and severe learning difficulties and/or disabilities. The College works closely with our communities and commissioners to ensure that it is always responsive to increased student demand. Students attending these programmes grew from 238 in 2019-20 to 248 students in 2020-21, a 4.2% increase, with retention at 98.5% for the year. Students continue to benefit from the four study pathways which are related to Preparation for Adulthood outcomes (Employment; Independent Living; Good Health; and Friends, Relationships and Community) and lead to individualised destinations in work, living and community. Achievements remained high in 2020-21: of the 110 students on high needs programmes who were working towards accreditation, 94% achieved accreditation relevant to their individual Education and Healthcare Plan (EHCP) and life goal. Within high needs programmes, overall sustainability of destinations after College remained strong, with 50% of students sustaining their onward destination 6 months after leaving OHC. Whilst not possible to compare pre-Covid sustainability data, this figure still represents strong outcomes for these students and is reflective of our aspirational approach within the College.

The College also offers a range of work-related learning courses. The WorkStart programme suite comprises Internships, Traineeships, Pathway to Employment and Preparation for Employment. These programmes provide opportunities for students to gain relevant employability qualifications and work experience and to define their working ambitions for the future. They also give students, where appropriate, the opportunity to work towards achieving Functional Skills qualifications in English and maths. They are open to students who have experienced barriers to learning, including young people who are NEET (not in education, employment or training) as well as students with a learning difficulty or disability. A significant cohort of the students also have complex behaviours of concerns aligned to their disabilities. Numbers on Workstart programmes grew from 139 in 2019-20 to 199 in 2020-21, an increase of 43.1%. Outcomes continued to be positive for Workstart students: overall retention during 2020-21 was 97%, with 92% of students on these programmes progressing into work and/or further education.

The College has continued to work closely with local authorities in order to identify and meet demand for specialist post-16 provision. Alongside established centres in Camberwell, Kingston, Hillingdon, Wandsworth and Carshalton, an additional centre opened in Camberwell in September 2020 and a new Sutton centre opened in September 2021.

Within these centres, students access specialist equipment and facilities to support the development of communication and basic skills, home and community living and a range of work-related skills. The College continues to develop effective links with over 80 employers and community-based programmes; this provides outstanding progression into local supported living schemes, supported employment, internships and volunteering and Further Education and Adult Community programmes.

The College offers apprenticeship programmes in Customer Service and Supporting Teaching and Learning, and specialises in apprenticeships for those with SEND. The apprenticeship programme was inspected by Ofsted for the first time in November 2019 and was judged as good. One apprentice was in scope to complete in 2020-21; she was successful and progressed to the Diploma in Education & Training in order to become a qualified teacher. There are 23 apprentices on programme due to complete in 2021-22 and 2022-23, including three SEND apprentices who are due to complete their Customer Service Standard apprenticeship in October 2021. 2.9% of OHC's workforce are apprentices. Retention on apprenticeship programmes for 2020-21 was 95%.

OHC remained open to students throughout 2020-21, with robust Covid-19 risk assessments in place across all centres. For students not able to attend on site, staff delivered blended learning using both hard copy and digital approaches tailored to each student's needs and learning aims. Learning packs were delivered to students' homes and a programme of virtual sessions, appropriately sequenced and with explicit aims and objectives, was made available across the College, led by specialist teachers and therapists. Methods of delivery included timetabled class sessions, small group and 1:1 sessions which provided targeted activities linked to students' individual targets. Staff worked with students and families across the year to ensure that remote and onsite timetables remained fulfilling and ambitious within the changing availability of activities as dictated by Covid restrictions. Additional assessments of students were undertaken in the summer term in order to identify areas of lost learning and enable staff to set meaningful and challenging targets for each student.

Attendance (both onsite and virtual) remained strong throughout the year, despite the continued challenges posed by Covid. Fluctuating site closures make it difficult to produce a meaningful average across the year, however snapshot attendance figures for the summer term were 91.6% (excluding students with managed absence) and 84.4% overall.

The College continued to offer a bespoke recovery curriculum throughout the period, supporting students to return to College following a period of blended learning/home learning/isolation/shielding or attendance at College. Delivery included use of the Covid catch up funding grant to enable students to access external specialist support and opportunities such as canine therapy, dance and movement, music therapy, drama therapy, counselling and other personalised resources as necessary. In May 2021 OHC was proud to receive the NATSPEC award for 'Curriculum Innovation' in recognition of our recovery curriculum offer.

The Principal and Senior Leadership Team (SLT) continued to make a regional and national contribution to government and advisory groups during 2020-21, influencing policy for the benefit of all students and the wider community. Members of the College SLT were represented on national, regional and local bodies including London Councils' Young People Education and Skills Board, the London Implementation Group, NATSPEC's national committee, the PBS Alliance National Steering group and Schools and Colleges Community of Practice, the Royal College of Speech & Language Therapy's Clinical advisors for Learning Disabilities, AoC's Prevent Pilot Board and the Sutton Local Safeguarding Children's Partnership. OHC was named as an AoC Sports Inclusion Hub in July 2020 and worked effectively with students and partner organisations throughout 2020-21 to promote the inclusion of people with disabilities in sport and physical activity.

The College also operates an effective multi-disciplinary team comprising curriculum staff, learning support workers, job coaches, nurses, therapists and digital learning staff. 2020-21 saw the successful amalgamation of the therapy and nursing teams led by a new post, Head of Integrated Services (IS), who sits within the College SLT team. Each of the five clinical areas (Speech & Language Therapy; Occupational Therapy; Physiotherapy; Creative Arts Therapies; and Nursing) has a clinical lead to develop clinical leadership, governance and professional development routes in their clinical areas to a high standard. The clinical impact of the team is further advanced with the addition of clinical support for behaviours of concern from Positive Behaviour Support (PBS) practitioners. The team continues to collaborate effectively with curriculum staff through joint processes such as joint target setting, curriculum development, embedded interventions and joint support planning and EHCP report writing to ensure that joint outcomes are effectively worked towards by the whole team.

During 2020-21 members of the Integrated Services team contributed to national developments in the area of learning disability through contributing to national guidelines produced by the Royal College of Speech & Language Therapists (RCSLT), presenting at national and international conferences, and hosting the NATSPEC Therapy Conference in May 2021. The Head of IS also worked closely with OHC's Training School lead to develop whole staff training around mental capacity and consent; this training will be rolled out in 2021-22 to further support students' autonomy and decision-making.

Safeguarding across the College continues to be outstanding, underpinned by a robust set of policies, procedures and training for all staff, which are informed by the SEND-specialist knowledge of OHC leaders and practitioners. All staff receive training as part of their annual safeguarding update as well as bespoke training and refreshers throughout the year. The College Designated Safeguarding Lead (DSL) works closely with the Director of Safeguarding & Learning Support, and participates in the cross-organisational DSLs' network with OHCAT DSLs. This has continued to be a rich source of knowledge exchange and resource sharing throughout 2020-21, enabling a consistent and evidence-led response to current safeguarding issues, as well as greater triangulation of compliance requirements e.g. updates to the Child Protection Adult Protection and Safeguarding Policy. Through delivery of a bespoke curriculum including relationships, sex and health education, e-safety and British values, students learn how to safeguard themselves and how to apply this knowledge in a variety of settings, particularly focusing on contextual safeguarding in their local communities. The College appointed student welfare and wellbeing officers in 2020-21, who work closely with the appointed student ambassadors within each centre as well as in partnership with local disability boards.

Alongside the central curriculum, the College also offers enrichment activities including sport, health and wellbeing, creative and performing arts, giving students an opportunity to take part in social, creative and leisure-based programmes across their communities. A residential trip to Centre Parcs took place in July 2021 for students who had lost someone through the pandemic, providing opportunities to build friendships and resilience, further develop independence and participate in activities that build self-esteem and support mental and physical wellbeing. The College also launched the Duke of Edinburgh award scheme during 2020-21, with 9 students completing their bronze and silver awards.

OHC has a comprehensive and highly effectively CPD (Continuing Professional Development) programme in place to ensure that staff receive high quality training and development pertinent to their job role and to support succession planning. In October 2021 the College successfully piloted a new CPD initiative, Training Week. A comprehensive timetable of CPD was planned and delivered, including Team Teach, manual handling, Positive Behaviour Support, sensory integration and communication, nursing and therapy training, and digital skills. Staff were allocated to sessions on a priority basis, according to the students they work with as well as the date of their last refresher. While the Training Week was initially planned to be entirely centre-based, the introduction of Tier 2 restrictions required a last minute move to online delivery (Team Teach, manual handling and fire warden training remained as face to face). Attendance throughout was very strong and the move to online delivery meant that more staff were able to access the training than originally planned. 81% of participants rated the training as good or very good overall, and Training Week will now take place annually. The College also held its annual whole staff Development Planning Day (online) in February 2021. 225 staff accessed a full and varied programme, covering key compliance requirements such as data protection and safeguarding as well as interactive sessions which enabled staff to feed into OHC's strategic development and reflect on the many achievements of this challenging academic year.

During 2020-21 the College delivered Level 1 and 2 Functional Skills English and maths courses to staff from OHC and OHCAT, with 23 maths and 20 English assessments taking place in June 2021. Leaders and managers have an individualised CPD programme, including one member of SLT undertaking an NPQH and two Regional Leads undertaking a Level 7 leadership and management apprenticeship. OHC became Trauma and Mental Health informed in 2020-21; this training consisted of one full day for all staff and two additional full days for SLT. As a result of the training, 80% of staff feel they are more confident in supporting students who have suffered trauma. Six staff members will undertake the 10 day Diploma in Trauma & Mental Health-Informed Schools and Communities during 2021-22, in order to more fully support and embed a trauma-informed approach across the College.

The College continues to deliver the Diploma in Education & Training (DET), validated by Canterbury Christ Church University (CCCU). The College is the only delivery partner to offer the SEND specialist pathway and interest in this specialism remains strong. During 2020-21 there were 41 trainees in Year 1 and 40 trainees in Year 2, with candidates drawn from within OHC as well as OHCAT academies and external providers. 12 OHC trainees secured FE teacher training grant funding from the DfE, with OHC receiving a total of £218,400 grant funding across two years to cover course fees and support mentoring and development. Retention rates on the course remained high at 95% and student feedback throughout the year was positive, particularly around the quality of teaching and academic support. The Training School has continued to work closely with CCCU and other stakeholders to ensure that planning, delivery and quality monitoring are of consistently high quality.

Following a scoping exercise across 2020-21, CCCU confirmed a reduction in partner colleges from 18 to eight as part of planned changes to the programme delivery model from September 2021. OHC was retained as one of the eight delivery partners, which speaks to the quality of delivery as well as the strength of our working relationship with CCCU.

Throughout 2020-21, OHC Digital School staff continued to support the delivery of online learning to students not attending College, and worked responsively within centres to seed digital learning initiatives through the College curriculum. During the period under discussion, the College received a total of 41 digital devices via the DfE's 'Get help with technology' initiative, amounting to approximately £20,000. These were distributed across centres in order to meet identified need within their student cohorts and have been treated as a donation to the students. A full impact report will be produced in 2021-22.

Orchard Hill College continues to sponsor Orchard Hill College Academy Trust ('OHCAT' or 'the Trust'), which continues to support the development of high quality educational provision for children and young people with additional needs. The College and the Trust operate as a collaborative family of specialist providers: working as a group enables strong co-working relationships, meaningful knowledge exchange, economies of scale and wider advocacy within the education sector, all of which improve the quality of our offer for pupils and students with SEND. During the period under discussion, no new schools joined the Trust; a new free school, Addington Valley Academy, opened in temporary accommodation and moved into the purpose-built school building in September 2021.

FINANCIAL REVIEW

Results for the year

A summary of the results for the year can be found on page 24 of the financial statements.

Income for the year totalled £17,902,000 (2020: £14,860,000). The major part of this income is in relation to grants from the Education and Skills Funding Agency (ESFA) of £4,756,000 (2020: £3,798,000), funding from Local Authorities for educational contracts of £11,005,000 (2020: £9,907,000) and services provided to academies of £297,000 (2020: £403,000).

Expenditure for the year, which principally related to the provision of education, totalled £16,976,000 (2020: £13,772,000).

The net surplus for the year ended 31 July as shown on the statement of financial activities was £926,000 (2020: £636,000 excluding donation from OHCAT (£452,000)). Excluding the pension liability transferred to Orchard Hill College Academy Trust (£456,000), the adjustments in relation to the value of the property (£660,000) and the lease obligations (£366,000) at conversion, and the current service cost and interest cost adjustments in relation to the Local Government Pension Scheme required by FRS102 (£1,220,000; 2020: £654,000), the net revenue position for the year is a surplus of £664,000 (2020: £1,290,000).

The better than expected performance was largely down to the Coronavirus pandemic as local authority funding was protected and cost reductions were experienced in agency staffing, classroom resources and other staff related costs as the curriculum provision adapted to different methods of delivery; in addition there were reduced running costs associated with short-term closures in centres. These additional resources will be deployed during the next financial year as it is anticipated that staff absence due to the Coronavirus will continue thereby increasing agency spend. Furthermore, there is likely to be additional spend in other areas as a result of Covid, such as equipment and changes to cleaning regimes. In addition, there are plans to invest in: an accelerated IT infrastructure upgrade, specialised vehicles to transport students and the refurbishment of student common rooms across the centres. The College did not apply of any of the Covid support grants offered by the government, including the Coronavirus Job Retention Scheme; long-term agency posts were honoured and services provided continued during the period.

FINANCIAL REVIEW (continued)

Financial position and reserves policy

At 31 July 2021, the balance sheet included net liabilities totalling £5,112,000 (2020: £3,022,000). This is comprised of:

- The Tangible Fixed Assets fund of £4,147,000 (2020: £2,936,000). This fund represents the net book value of the College's tangible fixed assets net of any associated lease obligations and has been separated on the balance sheet in recognition of the fact that these assets are essential to the day-to-day operation of the College, and the value of the assets can therefore not be considered as realisable. The Tangible Fixed Assets fund includes an adjustment in respect of one of the properties transferred from the local authority in October 2015. The valuation was determined with professional assistance and has resulted in an uplift of £660,000. Further detail is provided in note 1 to the financial statements.
- The negative Pension Reserve fund of £14,315,000 (2020: £10,535,000). This fund reflects the College's share of the net liability in respect of the Local Government Pension Scheme. This fund has been separated on the College's balance sheet in order to distinguish the liability from the operational liabilities which form part of the College's working capital. In October 2018, central services staff transferred to OHCAT. This year, membership of the scheme was reviewed and additional central services employees were identified. These employees have now transferred to the OHCAT scheme and as a result, the College transferred a liability of £456,000 to the Academy Trust during this financial year; and
- The unrestricted General fund of £5,056,000 (2020: £4,577,000) are funds which are not represented by the tangible fixed assets fund, the pension reserve fund, restricted, or otherwise designated, and are in effect the College's free reserves which are immediately available for general charitable use.

Maintaining an appropriate level of financial reserves is considered essential in protecting the charity from financial risk generated by, for example:

- Income reduction due to Government funding changes;
- Unexpected falls in student numbers;
- Cash flow issues due to delays in receipt of funding; and
- Emergencies.

In general, it is considered prudent to maintain a level of usable reserves sufficient to cover unexpected and unplanned events so that the individual College's primary objective is preserved. At the same time, the College wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

The Board of Trustees monitors levels of reserves in financial reports provided by the Chief Finance Officer. Trustees look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves, Trustees take into account the following:

- One month's salary bill;
- The College's annual budget;
- The need for any large project spend such as facilities development or building condition needs;

FINANCIAL REVIEW (continued)

Financial position and reserves policy (continued)

- Any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the College funding and its expiry date; and
- Anticipated funding over the next three years.

As a prudent measure, the College will aim for between 45 and 60 consecutive days of free reserves based on annual expenditure before depreciation and pension adjustments.

During the year the College achieved free reserves of 121 days based on the free reserves balance at 31 July 2021 of £5,056,000 (2020: 129 days). General reserves will support the next phase of investment in the College premises, including the refurbishment of the Hillingdon site, as identified in the estate's strategy and £2m has been set aside in the 2021-22 budget for these works. Furthermore, £340,000 has been ring-fenced for LGPS deficit repayments due between August 2021 and March 2023. General reserves after these designations and capital commitments reported in note 11 amount to £2.3m or 56 days of expenditure.

Fundraising

The College accesses funds for specific projects that will benefit existing and future students where funds for these projects cannot be accessed via existing channels i.e. government education funding. The College will access funds for projects that will provide opportunities and enhance the learning experience and environment for students.

The code of fundraising practice is followed <https://www.fundraisingregulator.org.uk/code>

The College does not use commercial organisations to support its fundraising activities. There were no complaints concerning the College's fundraising activities during the year. In spring 2021, a part-time Fundraising Manager was appointed.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The College is an independent charitable company. The Company Registration Number is 07586715 and the Charity Registration number is 1144922. The College's primary governance document is the Articles of Association.

As a charity and company limited by guarantee, Orchard Hill College is governed by a Board of Directors (also referred to as Trustees) who are responsible for, and oversee, the management and administration of the College. The Trustees have overall responsibility and ultimate decision-making authority for all the work of the College. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes.

The Trustees (who are ultimately responsible for the delivery of the College's objectives) are supported by an Executive Senior Leadership Team (ESLT) which includes the CEO, College Principal, Executive Principal/Deputy CEO, the Chief Finance Officer, the Chief Operating Officer and the Executive Director of Development. The services of ESLT (excluding the College Principal) are provided to the College by OHCAT as part of the core service charge service level agreement.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**Constitution** (continued)

Local governance of the College falls to the College Committee, which is a committee formed by the Directors and which derives its power from them. The College Committee is responsible for fulfilling a largely strategic role in the conduct of the College and is supported by the College Senior Leadership Team (SLT) in conjunction with the Principal who is responsible for the internal organisation, management and control of the College. The Directors may also delegate responsibility to the Principal.

The College's Senior Leadership Team comprises the Principal, two Deputy Principals and four Assistant Principals/Regional Leads, who oversee the curriculum budgets of the College centres.

The College employs a Head of Corporate Governance, an experienced Governance professional with over 30 years' experience in the governance sector. The Head of Corporate Governance reports directly to the Executive Director of Development who is qualified and experienced in corporate and school governance.

The Head of Corporate Governance maintains her professional development through engaging in regular training and further education briefings. These have been online this year due to the pandemic. She is also a member of the FE Clerks' network, a forum that shares good practice and information from the FE Governance sector.

Orchard Hill College has four Members, to whom the Board of Directors report (see page 1 for details). The College operates a portfolio governance system, assigning strategic areas to directors and governors of the College Committee via skills matching. The portfolio governance arrangements for Directors and College Committee members which existed during the financial year is set out below:

Organisational structure

Portfolio	OHC Director	OHC Committee member
Ethos, Vision and Strategy	Peter Lauener	Dave Hobday
Teaching and Learning	Vacancy	Michele Humphreys
Finance and Resources	Vacancy	Akansha Arya
Health and Safety, Safeguarding and Child Protection	Julie Stockdale	Neil Mears
Business Development and Marketing	Rama Venchard	Vacancy
HR and Organisational Development	Simon Fryer (appointed 2.7.21)	Ric Adams

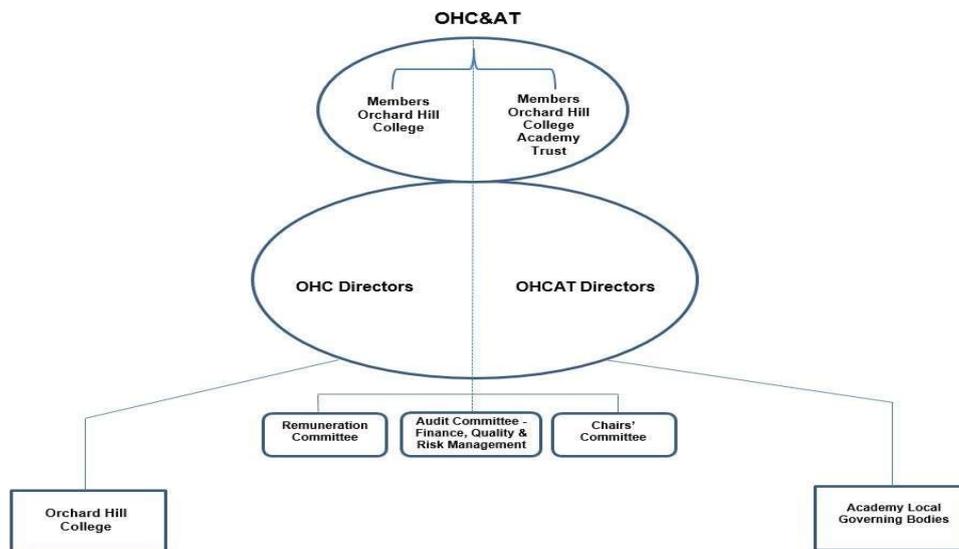
The Board normally meets formally three times a year during the second half of each term. To maintain financial oversight, the Chief Financial Officer also meets with the Finance Portfolio holder twice each term, the Finance Portfolio holder will feedback on these meetings to other Board members between formal meetings. Whilst the Finance and Resources Portfolio Holder post has been vacant, the role has been delegated to the OHCAT Finance Portfolio Holder in order to ensure continuity of financial oversight and scrutiny. In addition, TIAA Ltd performed an annual Internal Audit programme to provide Trustees with additional assurances on key risks focussing on HR and Payroll and Key Financial controls. Financial management is monitored by the Executive Senior Leadership Team at monthly meetings and through regular departmental budget meetings.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Orchard Hill College Academy Trust was established in 2013 by Orchard Hill College, in response to a request from the London Borough of Sutton and the DfE to sponsor Carew Manor School (now Carew Academy). The College and the Trust are independent legal entities that form a family of providers, collectively known as Orchard Hill College and Academy Trust (OHC&AT), working for the benefit of students and pupils in local communities.

The College and the Academy Trust operate a collaborated 'family' Board of Trustees, as shown below. This model of governance has proven to be a great success, allowing greater coherence in decision-making and greater clarity of communication while retaining the individuality of each organisation. Risk continues to be managed separately and collaboratively, allowing either organisation to retract from the collaboration if required while at the same time promoting transparency. In addition to the Remuneration Committee, the collaborated Board of Trustees also operates an Audit Committee, (focusing on finance, quality and risk management) and a Chairs' Committee. From 1st September a new separate Finance Committee was constituted and the role of Audit and Finance Governance segregated:



Connected organisations

The College and Academy Trust work closely together and are responsive to the requirements of each other and of academies within the Trust. The aligned Executive Senior Leadership Team (ESLT) maintains a close working relationship with the College Senior Leadership Team as well as those of each academy, and learning support is provided to the academies by the College in a number of areas, including therapy, training and services of the Digital School. The Academy Trust provides operational support to the College in a number of areas including HR, IT, Finance and Facilities.

The College is represented as one of the members of the Academy Trust, and may appoint Directors to the Board of the Academy Trust in agreement with all other Trust members.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The Trustees (Directors) who served during the period and up to the date of approval of the report are included on page 1.

All new Trustees receive an induction on appointment and receive regular briefings from the ESLT and other senior leaders. All Members, Trustees and Governors have access to GovernorHub, a comprehensive online governance portal which includes online training and resources. All Members, Trustees and Governors have access to Educare, a comprehensive online training package, as well as the National Governance Association's online training modules, both of which offer key compliance modules around safeguarding, health and safety and equality and diversity, as well as wider areas of interest. The College also offers bespoke training sessions on request. Additionally, the College and OHCAT jointly hold an annual governors' conference, offering Trustees and LGB governors across both organisations the chance to take part in training and development opportunities as well as networking. The 2020-21 governor conference was postponed due to Covid 19 and was re-scheduled for October 2021.

All new Governors receive a comprehensive induction pack and an introductory training session and are actively encouraged to participate in the relevant training offered, enabling them to understand their role within the College and the wider family formed with OHC&AT. As part of the portfolio governance arrangements, portfolio holders are also paired with members of College staff and expected to meet two to three times each year, or more as required, to discuss progress and any issues that may have arisen.

Key management personnel

The Trustees consider the key management personnel for the College to include:

- The Trustees: and
- The Executive Senior Leadership Team:
 - The CEO
 - The Executive Principal/Deputy CEO
 - The College Principal
 - The Chief Finance Officer
 - The Chief Operating Officer
 - The Executive Director of Development

The Executive Senior Leadership Team (except for the College Principal) all offer their services on a Service Level Agreement arrangement with OHCAT, and are not employees of the College.

The OHC&AT Board has appointed an OHC&AT Remuneration Committee to consider salaries for senior post holders including the key management personnel of the College.

The OHC&AT Remuneration Committee is comprised of four members as follows:

- Chair of OHC Board of Trustees
- Chair of OHCAT Board of Trustees.
- OHC Trustee
- OHCAT Trustee

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Key Management Personnel (continued)

The quorum for the meeting is two members (one member from each Board). The Remuneration Committee makes recommendations to the OHC&AT Board for approval. The Executive Senior Leadership team are awarded a spot salary. The Trustees, except for the CEO, who is also a Trustee of the charitable company, did not receive any remuneration for their services to the College in the period of report; as noted above, the CEO is remunerated by Orchard Hill College Academy Trust and the College is recharged by the Academy Trust for his time under a service level agreement.

The following factors are taken into account when considering the level of remuneration:

- Skills, experience and responsibilities;
- Performance appraisals;
- Annual turnover;
- Range of salaries for senior post holders in similar organisations;
- Retention;
- Average cost of living and incremental pay for all staff; and
- Role changes.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of Orchard Hill College for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of Trustees' responsibilities (continued)

Each of the Trustees confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FUTURE PLANS

Orchard Hill College and the OHC&AT family of providers

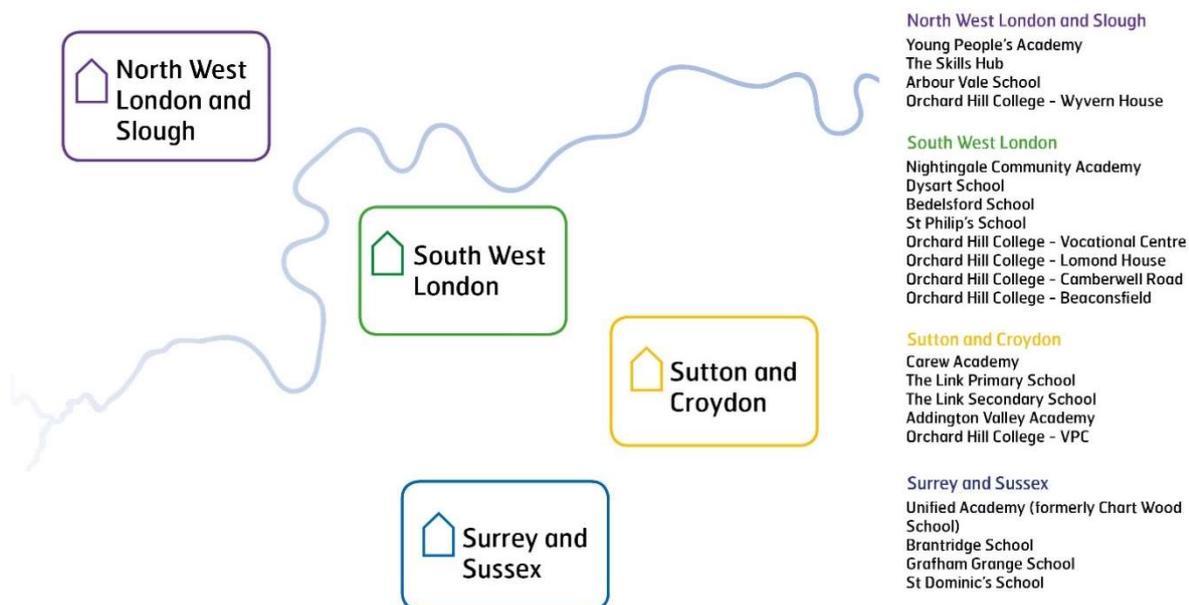
Orchard Hill College, together with Orchard Hill College Academy Trust, operates as a collaborative family of specialist providers. Our mission is to support, enable and champion the talents, skills and rights of the most complex and vulnerable people in our society, in order that we can release their potential, promote their wellbeing and transform their lives. As a community of learners, families and colleagues we believe that by working collaboratively, with energy and ambition, we can always effect positive change. At the core of our ethos is the conviction that there should be no limit placed on what is possible and that everyone has the ability to be the very best they can be.

Our learners require and receive a high quality blended offer within their local context in order to meet their different needs and ambitions. By working together as a family, we are able to maximise the benefits to our pupils and students from having staff, leaders, governance and associates with extensive expertise and experience in both the special and mainstream sectors, from pre-school through to Further Education (FE).

Currently, the College offers specialist educational programmes for pupils and students aged 16 and over in six main centres and additional satellite provision in London and Surrey. The Trust operates 154 academies including a new free school which opened in September 2020. Provision is organised on a hub model, with College centres and schools clustered around four hubs: Sutton and Croydon, North West London and Slough, South West London, and Surrey and Sussex. The hub model supports effective cross-organisational working and best use of resources to benefit every OHC&AT student. The College operates in a combination of co-located and community-based centres, offering a curriculum closely aligned to the needs of pupils in each hub who are leaving OHC&AT schools to attend the College. Each hub develops or forms partnerships with providers to ensure that resourced facilities may be accessed by multiple OHC&AT provisions as required; this may include vocational facilities, digital hubs, generic/specialist sports facilities, independent living practice suites.

The regional model is now well embedded across the organisation. OHC&AT operates a four hub model:

- Sutton and Croydon – OHC Vocational Progression Centre, OHC Quadrant House, plus Carew Academy, The Link Primary School, The Link Secondary School and Addington Valley Academy;
- North West London and Slough – OHC Wyvern House, plus Young People's Academy, The Skills Hub and Arbour Vale School;
- South West London – OHC Beaconsfield, OHC Lomond House, OHC Camberwell Road, OHC Vocational Centre, plus Dysart School, St Philip's School, Bedelsford School and Nightingale Community Academy;
- Surrey and Sussex –St Dominic's School, Grafham Grange School, Brantridge School, Unified Academy.



The development of the hub model has supported both College and Trust to offset potential limitations associated with geographical dispersion. By growing local excellence alongside OHC&AT academies, the College has been able to smooth transitions for students, provide additional learning opportunities through shared facilities and resources, and enable staff to build networks and share expertise. Each member of the College Senior Leadership Team acts as Regional Lead for a specific area or areas, liaising closely with both College centre staff and OHC&AT academies in the hub to ensure that quality assurance, compliance processes and responsive localised support are robust.

The period under discussion has seen the continuation of a planned shift in focus and a further evolution of strategic priorities. Building on the rapid growth and expansion of OHC&AT's (which implicitly implies the College) first six years, phase two of the organisational strategy is structured around the following key priorities:

- Quality, standards and reputation: ensuring life-changing outcomes, meaningful destinations and quality of life for every young person within the organisation, through the delivery of consistently excellent teaching and learning across a rich and relevant curriculum offer;
- Innovation and specialism: growing and developing the existing wealth of specialist knowledge within the organisation through the establishment of internal and external professional networks, robust impact measurement processes that feed into year-on-year strategic plans, and active engagement in research;
- Development and growth: taking an ambitious, judicious approach to securing the future of the organisation, through capacity building, maximising financial probity and efficiency, and the

strategic improvement of estates;

- System leadership: building influence and advocacy, and ensuring compliance and accountability, through a strong organisational culture that promotes responsive governance and leadership at all levels;
- Nurturing talent: future-proofing the organisation through a strategic approach to recruitment and retention, including training and development opportunities and career pathways that enable every staff member to maximise their potential within the College and the Trust.

In alignment with these strategic priorities, the College's immediate future plans include further development of premises to meet local need, ongoing staff and whole organisational development around the specialisms associated with the cohort, and the further development of the digital offer to support students in and out of College. Following the successful addition of OHC Camberwell Road in 2020-21, OHC Robin Hood Lane opened in Sutton from September 2021, providing space for up to 30 Workstart and apprenticeship students as well as classroom space and a resource library for the Diploma in Education & Training. During 2020-21 OHC and OHCAT have worked with Achieving for Children (AfC), which provides children's services in Kingston, and Kingston Council to progress a proposal for a post-16 SEND campus for OHC and Dysart, St Philip's and Bedelsford schools. The proposed campus is intended to offer local pathways to some young people already attending the special schools and to other local young people attending nearby who might benefit from having additional post-16 choice. As well as classroom spaces for young people with different needs and abilities, the campus would aim to ensure the provision of a flat for independent-living practice and a wide range of vocational workshops giving young people sustainable employability skills.

The Training School continues to support with the College's overarching development aims; as noted above, further trauma training and mental capacity assessment training will be rolled out across 2021-22, alongside scheduled INSET throughout the year including the second OHC Training Week in October 2021 and the annual whole staff Development Planning Day in February 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed the major risks to which the College is exposed and have implemented strategies in order to manage those risks. The following key principles outline the College's approach to risk management and internal control as set out in the Risk Management Policy:

- The Board of Trustees has responsibility for overseeing risk management within the College as a whole.
- An open and receptive approach to solving risk problems is adopted by the Board of Trustees.
- The Executive Senior Leadership Team and the Principal support, advise on and implement policies approved by the Board of Trustees.
- The College makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- Senior and middle managers are responsible for ensuring good risk management practice within their designated managed area.
- Key risk indicators are identified and closely monitored on a regular basis.

Principal risks are detailed in the risk register, which is reviewed by the Board of Trustees each term. Key risks include:

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Quality

The College currently operates six related but separate centres, with additional satellite provision where necessary to meet demand. Ensuring the delivery of a transformative, high quality of education and pastoral care is the central mission of OHC and crucial to its continued success and growth. The College's robust quality and progression monitoring framework is fully embedded, enabling a deep understanding at executive level of each centre and work stream's strengths and areas for development to inform targeted improvement initiatives, underpinned by robust quantitative and qualitative data.

Compliance

The College is geographically dispersed across four regional hubs. In addition, the College works to an underlying principle of localism supported by a central function. Such a local and regional focus means that individual centres can be more responsive to the bespoke nature of their context. It also reduces the risk of micro-management from a central function that may be less well informed about the local landscape and impose less efficacious solutions. Overarching this approach is the core role that OHC&AT plays in the monitoring and assurance of each College centre and work stream and in relation to statutory policies and procedures, key stakeholder engagement and the promotion of OHC's broader mission and vision more widely. The reciprocal risk of this approach is that on matters of compliance, local variations could result in inconsistencies across the organisation as a whole. Our well-developed and established risk assessment processes – particularly, but not exclusively, in relation to safeguarding, financial systems, processes and reporting, recruitment and statutory policies – ensure that the College has comprehensive executive oversight of risk and any behaviours that may be sub-optimal in relation to compliance, and is able to intervene appropriately, decisively and in a timely manner.

Infrastructure and capacity

In order to most effectively meet its strategic aims and objectives, the College requires an infrastructure for its business support services that enables it to operate in an efficient, coordinated and reliable way. Systems and processes are well established, appropriately supported and remain under active review by ESLT and Trustees in order to ensure that they are effective and fit for purpose. Central support services, as well as delivery to students, requires sufficient capacity, in terms of quality, number of personnel and coherent organisational management in order to promote exceptional outcomes.

As both an outstanding provider and the sponsor of an Academy Trust, the College faces a range of potential challenges to its ability to continuously deliver high quality education and related services. The College and the Trust have taken steps to more closely align themselves in recent years, which increases the risk of issues impacting on both organisations rather than individually. The College has developed robust succession planning arrangements, developing leadership within the organisation and recruiting high quality staff in order to increase capacity, while strengthening cross-organisational support systems that encourage knowledge sharing and staff support targeted at areas of high demand. Internal reporting mechanisms have been synchronised across both organisations, allowing senior leaders to anticipate support needs and act rapidly in order to mitigate risk.

Over-expansion

Any organisation that expands too rapidly risks downturns in the quality of provision and financial overstretch, to the detriment of its reputation and quality. OHC has agreed a three-year strategy that allows for growth while retaining the focus on quality, standards and wellbeing. The current strategic focus is on growth in numbers of provisions through building on existing commissioning, as well as deepening and maturing the College's work so that best practice is consolidated.

Business continuity

Interruptions to typical activity can have a negative impact on the offer provided to OHC students. In a dynamically shifting national, regional and local landscape, threats to normal business continuity are real and to the fore. OHC has a secure ethos, a clearly defined headline mission and vision, and a well-articulated and understood set of values, in addition to an effective and responsive business support service. These combine to support the College to continue to deliver to a high standard even if working practices need to be adapted. Our suite of risk assessment and monitoring supports a detailed understanding of the overall operational picture across OHC at any given time.

Funding

The College is reliant on Government funding to support students whose additional support needs carry costs that exceed most other forms of ongoing funding. Variations in the funding methodology and levels of resource, as well as changes in eligibility criteria and uncertainty associated with major political events, create potential risk. OHC engages proactively with funding bodies to raise awareness of the potential impact of planned actions, and maintains strong working relationships with external agencies in order to ensure that productive dialogue takes place at local, regional and national level.

Risk Management

OHC regularly reviews the key risks to which its operations are exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks. In addition, factors are in place that provide the Trustees with the capacity to deal with issues or problems that occur, for example, calling on an experienced, capable Executive Senior Leadership Team, which is able to act quickly in response to unexpected events through forward planning, policies and insurance and through holding appropriate reserves. Additionally, the Board of Trustees has established an Audit Committee (which considers Finance, Quality and Risk Management) and a Finance Committee; membership of these committees is drawn from both OHC and OHCAT Trustees and which reports to the Trustees as a whole.

The overall responsibilities for the Audit Committee, on behalf of the OHC Trustees, are:

- Internal scrutiny – to have in place a process for checking financial systems, controls, transactions and risks and quality of provision.
- To achieve internal scrutiny which delivers objective and independent assurance.
- To provide assurance to Trustees that risks are being adequately identified and managed by:
 - reviewing the risks; and
 - agreeing a programme of work to address, and provide assurance on those risks.

A risk report is submitted to the Trustees at each meeting and operational risks are reviewed at regular meetings of the Executive Senior Leadership Team and the CEO. The procurement matter referred to in last year's annual report was fully investigated by the College and no fraud or irregularity was identified, but controls have been reviewed in light of the investigation.

Trustees' report, including Strategic Report, approved by the Board of Trustees and signed on its behalf by:



Mr P Lauener
Trustee
10 December 2021

Independent auditor's report to the members of Orchard Hill College

Opinion

We have audited the financial statements of Orchard Hill College (the 'College') for the year ended 31 July 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent auditor's report to the members of Orchard Hill College

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Orchard Hill College

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner / Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Charities Act 2011, Companies Act 2006, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set

Independent auditor's report to the members of Orchard Hill College

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

out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at 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 College's members, as a body, in accordance with the College's Articles of Government / Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 17 December 2021

Statement of financial activities Year to 31 July 2021

Income and expenditure account	Notes	Unrestricted funds £'000	Restricted funds £'000	31 July 2021 Total funds £'000	31 July 2020 Total funds £'000
Income from:					
Donations and legacies	1	1,026	-	1,026	452
Charitable activities					
. Provision of education	2	16,156	183	16,339	14,399
Other trading activities	3	80	-	80	3
Investments	4	1	-	1	6
Other items: pension liability transferred	5	456	-	456	
Total income		<u>17,719</u>	<u>183</u>	<u>17,902</u>	<u>14,860</u>
Expenditure on:					
Charitable activities					
. Provision of education	6	16,831	145	16,976	13,772
Total expenditure		<u>16,831</u>	<u>145</u>	<u>16,976</u>	<u>13,772</u>
Net income before transfers	10	888	38	926	1,088
Transfer between funds		<u>38</u>	<u>(38)</u>	<u>-</u>	<u>-</u>
Net income		926	-	926	1,088
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	19	(3,016)	-	(3,016)	(4,694)
Net movement in funds		<u>(2,090)</u>	<u>-</u>	<u>(2,090)</u>	<u>(3,606)</u>
Reconciliation of funds					
Fund balances brought forward at 1 August 2020		<u>(3,022)</u>	<u>-</u>	<u>(3,022)</u>	<u>584</u>
Fund balances carried forward at 31 July 2021		<u>(5,112)</u>	<u>-</u>	<u>(5,112)</u>	<u>(3,022)</u>

All recognised gains and losses are included in the above statement of financial activities.

All of the College's activities derived from continuing operations during the period of report.

	Notes	31 July 2021 £'000	31 July 2021 £'000	31 July 2020 £'000	31 July 2020 £'000
Fixed assets					
Tangible assets	11		5,450		4,490
Current assets					
Debtors	12	995		630	
Cash at bank and in hand		6,729		6,231	
		7,724		6,861	
Creditors: amounts falling due within one year	13	(2,686)		(2,321)	
Net current assets			5,038		4,540
Total assets less current liabilities			10,488		9,030
Creditors: amounts falling due after more than one year	14		(1,285)		(1,517)
Net assets excluding pension liability			9,203		7,513
Defined benefit pension scheme liability	19		(14,315)		(10,535)
Total net (liabilities)/assets			(5,112)		(3,022)
The funds of the College:					
Unrestricted funds					
. Tangible fixed assets fund	15	4,147		2,936	
. Pensions reserve fund	16	(14,315)		(10,535)	
. General fund	18	5,056		4,577	
			(5,112)		(3,022)
			(5,112)		(3,022)

Approved by the Board of Trustees and signed on its behalf by:



Mr P Lauener
Trustee

10 December 2021

Statement of cash flows 31 July 2021

	Notes	31 July 2021 £'000	31 July 2020 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	A	<u>1,367</u>	<u>3,040</u>
Cash flows from investing activities:			
Bank interest receivable		1	6
Purchase of tangible fixed assets		<u>(855)</u>	<u>(854)</u>
Net cash used in investing activities		<u>(854)</u>	<u>(848)</u>
Cash flows from financing activities:			
Interest on finance lease obligation		48	(64)
Repayment of finance lease obligation		<u>(63)</u>	<u>(38)</u>
Net cash used in financing activities		<u>(15)</u>	<u>(102)</u>
Change in cash and cash equivalents in the year		498	2,090
Cash and cash equivalents at 1 August 2020	B	6,231	4,141
Cash and cash equivalents at 31 July 2021	B	<u>6,729</u>	<u>6,231</u>

Notes to the statement of cash flows for the year ended 31 July 2021

A Reconciliation of net income to net cash provided by operating activities

	31 July 2021 £'000	31 July 2020 £'000
Net income (as per the statement of financial activities)	926	1,088
Adjustments for:		
Depreciation charge (note 11)	555	406
Defined benefit pension scheme service and interest cost (note 19)	1,220	654
Asset transferred from Orchard Hill College Academy Trust	-	(452)
Adjustment in respect of value of property inherited at conversion from LA	(660)	-
Adjustment in respect of finance lease inherited at conversion from LA	(251)	-
Pension liability transferred to Orchard Hill College Academy Trust	(456)	-
Interest receivable (note 4)	(1)	(6)
Interest payable on finance lease obligation	15	64
Decrease/(increase) in debtors	(365)	570
Increase in creditors	384	716
Net cash provided by operating activities	<u>1,367</u>	<u>3,040</u>

B Analysis of cash and cash equivalents

	31 July 2021 £'000	31 July 2020 £'000
Cash at bank and in hand	6,231	4,141
Change in cash and cash equivalents in the year	<u>498</u>	<u>2,090</u>
Total cash and cash equivalents	<u>6,729</u>	<u>6,231</u>

C Analysis of change in net debt

	1 August 2020 £'000	Cashflows £'000	Other non- cash changes £'000	31 July 2021 £'000
Cash	6,231	498	-	6,729
Loans falling due within one year	(37)	37	(18)	(18)
Loans falling due after more than one year	<u>(1,517)</u>	<u>(37)</u>	<u>269</u>	<u>(1,285)</u>
Total	<u>4,677</u>	<u>498</u>	<u>251</u>	<u>5,426</u>

Principal accounting policies 31 July 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year ended 31 July 2021. The comparative results are for the year ended 31 July 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The College constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ the assumptions adopted by the Trustees and management in determining the value of any designations required from the College's general unrestricted funds;
- ◆ the present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate and salary increase rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability; and
- ◆ the discount rate applied in relation to the carrying value of building finance lease obligations.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

As noted in the annual report, the College has net liabilities totalling £5,112,000 at 31 July 2021 (2020: £3,022,000). This is largely as a result of the pension liability of £14,315,000 (2020: £10,535,000) which does not form part of the College's free reserves.

Assessment of going concern (continued)

The Trustees of the College have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the College to continue as a going concern. The Trustees are of the opinion that the College will have sufficient resources to meet its liabilities as they fall due.

In forming this assessment, the Trustees have considered the impact of the current coronavirus pandemic on the College's activities with a particular focus on its effect on the College's financial position including income, expenditure and reserves; the College's beneficiaries; and its employees. Whilst we acknowledge the disruption caused by the pandemic to the College's day-to-day operations, we confirm that we do not consider this to be cause for material uncertainty in respect to the College's ability to continue as a going concern. The College has sufficient liquid resources to continue for the foreseeable future, despite the current crisis.

Income

Income is recognised in the year in which the College has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Tuition fees and educational contracts

Fee and educational contract income is recognised in the year in which the education was delivered.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Assets donated to the College by Orchard Hill College Academy Trust have been accounted for based on the net book value of the asset in the Academy Trust balance sheet immediately before the date of transfer.

Net assets donated to the College by the London Borough of Sutton have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities as donations income.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the College; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure headings are as follows:

- a. Expenditure on raising funds - This includes all expenditure incurred by the College to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- b. Expenditure on charitable activities - These are costs incurred on the College's educational operations, including support costs and costs relating to the governance of the College. Governance costs comprise the costs involving the public accountability of the College (including audit costs) and costs in respect to its compliance with regulation and good practice.

All expenditure is inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

All assets are stated at cost less depreciation.

Depreciation has been calculated at the following rates in order to write off each asset over its estimated useful life:

- ◆ Leasehold Buildings – to match the length of the lease subject to impairment review.
- ◆ Motor Vehicles - 25% (4 years) straight line.
- ◆ Furniture & Equipment - 25% (4 years) straight line.
- ◆ Computer Equipment & Software - 33.33% (3 years) straight line.
- ◆ Major Works (£50,000 - £100,000) - 10%-20% (5-10 years) straight line.

Depreciation on assets in the course of construction is not charged until they are brought into use.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the College anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions 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 quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the year to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the College in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Leased assets (continued)

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful economic lives (or the term of lease if shorter). The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to the statement of financial activities over the year of the lease at a constant proportion of the outstanding balance of capital repayments.

Fund accounting

Restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects, including:

- ◆ The tangible fixed assets fund represents the net book value of the College's tangible fixed assets.
- ◆ The pension reserve fund represents the net defined benefit pension scheme liability in respect to the LGPS.

Unrestricted general funds comprise those monies which may be used towards meeting the objectives of the College at the discretion of the Trustees.

Notes to the financial statements 31 July 2021

1 Income from donations and legacies

	Unrestricted funds	
	31 July 2021 Total funds £'000	31 July 2020 Total funds £'000
Asset transferred from Orchard Hill College Academy Trust (note 11)	-	452
Adjustment to net assets transferred from the London Borough of Sutton in October 2015 (see below)	1,026	-
	1,026	452

The long leasehold interest in various properties transferred from the London Borough of Sutton to Orchard Hill College in October 2015. These properties were originally recognised on the College's balance sheet based upon an estimate of its fair value which, in the absence of sufficient market activity data at the time, was determined with professional assistance with reference to the properties' depreciated replacement cost. For one such property, better information pertaining to the property's market value at October 2015 has since become available, and as such, an adjustment has been made this year to the original book value of the property (taken to be its deemed cost for reporting purposes going forward) - an uplift of £660,000. The valuation was determined with professional assistance.

The finance lease obligation of a second property transferred from the London Borough of Sutton in October 2015 had been overstated as the primary rent had been calculated for the full term of the lease (March 2049) despite there being a rent free period between April 2029 and March 2049. As a result, the liability on conversion had been overstated by £366,000 (note 14).

Overall, the total adjustment to the net assets transferred from the local authority is £1,026,000.

2 Income from charitable activities: Provision of education

	Unrestricted funds £'000	Restricted funds £'000	31 July 2021 Total funds £'000	31 July 2020 Total funds £'000
Educational Skills Funding Agency:				
- 16-19 funding	3,631	71	3,702	3,083
- 19+ funding	1,038	2	1,040	715
Local Authority educational contracts	11,005	-	11,005	9,907
Other educational operations	483	-	483	694
Coronavirus additional funding (DfE/ESFA)				
- Catch-up premium (Tuition Fund)	-	41	41	-
- Mass testing funding	-	22	22	-
Coronavirus additional funding (non-DfE/ESFA)	-	47	47	-
Total 2021	16,171	169	16,340	14,399
Total 2020	14,366	23	14,399	

The College received £77k of funding for catch-up premium (the tuition fund) and costs incurred in respect of this funding totalled £41k, with the remaining £36k to be spent in 2021-22

Notes to the financial statements 31 July 2021

3 Income from other trading activities

	Unrestricted funds	
	31 July 2021 £'000	31 July 2020 £'000
Miscellaneous income	80	3

4 Income from investments

	Unrestricted funds	
	31 July 2021 £'000	31 July 2020 £'000
Bank interest receivable	1	6

5 Income from other items

	Unrestricted funds	
	31 July 2021 £'000	31 July 2020 £'000
Pension liability transferred to Orchard Hill College Academy Trust	456	-

In October 2018, 73 members of central services staff were transferred from Orchard Hill College to Orchard Hill College Academy Trust. During the year under review, additional employees were identified and their net liability of £456,000 was transferred to the Academy Trust in the year to 31st July 2021.

6 Expenditure on charitable activities: Provision of education

	Unrestricted funds £'000	Restricted funds £'000	31 July 2021 Total funds £'000	31 July 2020 Total funds £'000
Staff costs (note 9)	11,261	-	11,261	9,148
Educational supplies	988	145	1,133	530
Allocated support costs (note 7)	4,582	-	4,582	4,094
	<u>16,831</u>	<u>145</u>	<u>16,976</u>	<u>13,772</u>
Year ended 31 July 2020	13,749	23	13,772	

Notes to the financial statements 31 July 2021

7 Support costs

	Unrestricted funds	
	31 July 2021 Total funds £'000	31 July 2020 Total funds £'000
Premises costs	2,043	1,553
Administration costs	2,502	2,506
Legal and professional fees	11	9
Governance costs (note 8)	26	26
	4,582	4,094

Administration costs above include £2,191,000 for the core service charge and business support services bought from Orchard Hill College Academy Trust (2020: £2,118,000). See also note 20 to these financial statements.

8 Governance costs

	Unrestricted funds	
	31 July 2021 £'000	31 July 2020 £'000
External auditor's remuneration		
- Audit services	20	14
- Other services	3	4
Internal auditor's remuneration	3	
	26	18

9 Staff costs

	31 July 2021 £'000	31 July 2020 £'000
	Wages and salaries	8,215
Social security costs	603	486
Pension costs:		
. TPS contributions payable	470	384
. LGPS contributions payable	865	692
. LGPS service cost adjustment	1,071	526
Severance payments	37	-
	11,261	9,148

Notes to the financial statements 31 July 2021

Staff numbers

The average number of persons employed by the College during the year was as follows:

	31 July 2021 Number	31 July 2020 Number
Lecturers	45	42
Teaching support staff	196	155
Admin staff	18	17
	259	214

The number of employees whose annualised emoluments (including taxable benefits in kind but excluding employer pension costs) exceeded £60,000 were as follows:

	31 July 2021 Number	31 July 2020 Number
£60,001 - £70,000	4	2
£70,001 - £80,000	3	2
£90,001 - £100,000	2	2
£100,001 - £110,000	-	-

Remuneration of key management personnel

The Trustees consider that they, together with the Executive Senior Leadership Team, comprise the key management personnel of the charity in charge of directing and controlling, running and operating the College on a day to day basis.

Trustees were not remunerated for their services to the College apart from the CEO, who is an employee of Orchard Hill College Academy Trust, and is remunerated by the College under a service level agreement with the Academy Trust (see note 20 Related Party Transactions).

The total remuneration of the Principal for the year ended 31 July 2021 (including employer pension contributions and employer national insurance contributions) was £136,000 (2020: £121,000 for services to Orchard Hill College and Orchard Hill College Academy Trust).

Other members of the Executive Senior Leadership Team are employed by Orchard Hill College Academy Trust and the split of the remuneration attributable to the College and the Academy Trust individually cannot be determined with sufficient reliability. The total remuneration (including employer pension contributions and employer national insurance contributions) of the Executive Senior Leadership Team for the year ended 31 July 2021 was £653,000 (2020: £573,000).

As noted in the Trustees' report, Orchard Hill College continues to be the academy sponsor of Orchard Hill College Academy Trust. Further information regarding transactions between the College and the Academy Trust is given in note 20.

Notes to the financial statements 31 July 2021

Trustees' expenses

Trustees may claim reimbursement for any out-of-pocket expenditure incurred in connection with their duties as Trustees of the College. During the year ended 31 July 2021, no trustee received reimbursement for travel and subsistence expenses (2020: £NIL).

10 Net income for the year

This is stated after charging:

	31 July 2021 £'000	31 July 2020 £'000
Staff costs (note 9)	11,261	9,148
Depreciation (note 11)	555	406
Operating lease rentals	83	31
External auditor's remuneration	23	18

11 Tangible assets

	Long leasehold buildings £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 August 2020	4,713	2,116	123	6,952
Additions	1,238	277	-	1,515
At 31 July 2021	<u>5,951</u>	<u>2,393</u>	<u>123</u>	<u>8,467</u>
Depreciation				
At 1 August 2020	641	1,698	123	2,462
Charge for the year	358	197	-	555
At 31 July 2021	<u>999</u>	<u>1,895</u>	<u>123</u>	<u>3,017</u>
Net book values				
At 31 July 2021	<u>4,952</u>	<u>498</u>	<u>-</u>	<u>5,450</u>
At 1 August 2020	<u>4,072</u>	<u>418</u>	<u>-</u>	<u>4,490</u>

At 31 July 2021, the College had capital commitments of £381,000 in respect of orders placed for the year. (note 1).

Notes to the financial statements 31 July 2021

12 Debtors

	31 July 2021 £'000	31 July 2020 £'000
Educational fees receivable	212	432
Due from Orchard Hill College Academy Trust (note 20)	269	-
Prepayments and accrued income	514	192
Other debtors	-	6
	995	630

13 Creditors: amounts falling due within one year

	31 July 2021 £'000	31 July 2020 £'000
Expense creditors	351	201
Accruals	772	326
Due to Orchard Hill College Academy Trust (note 20)	-	149
Deferred income	196	471
Finance lease obligation (note 14)	18	37
Other taxation and social security	307	321
Other creditors	1,042	816
	2,686	2,321
Movements on deferred income (included above)		
Balance brought forward at 1 August 2020	471	230
Income deferred in current reporting year end	196	471
Amounts released to income from prior reporting year end	(471)	(230)
Balance carried forward at 31 July 2021	196	471

Deferred income in the main relates to funding received in advance from the ESFA and local authorities.

Notes to the financial statements 31 July 2021

14 Creditors: amounts falling due after one year

	31 July 2021 £'000	31 July 2020 £'000
Finance lease obligation	1,285	1,517
	1,285	1,517

At 31 July 2021, the present value of future minimum lease payments in respect to finance lease obligations for the College was as follows:

	31 July 2021 £'000	31 July 2020 £'000
Amounts falling due within one year (note 13)	18	37
Amounts falling due after one year:		
· Amounts falling due between one to two years	19	38
· Amounts falling due between two to five years	74	116
· Amounts falling due after more than five years	1,192	1,363
	1,285	1,517
	1,303	1,554

The above obligations are in respect to long-leasehold properties transferred from the London Borough of Sutton and have been discounted at a rate of 4%.

15 Tangible fixed assets fund

	£'000
At 1 August 2020	2,936
Net movement in year	1,211
At 31 July 2021	4,147

The tangible fixed assets fund represents the net book value of the College's tangible fixed assets net of associated finance lease obligations. A decision was made to separate this fund from the general funds and other funds of the College in recognition of the fact that the tangible fixed assets are essential to the day-to-day work of the College and as such their value should not be regarded as funds that would be realisable with ease, in order to meet future contingencies.

16 Pension reserve fund

	£'000
At 1 August 2020	(10,535)
Net movement in year	(3,780)
At 31 July 2021	(14,315)

The pension reserve fund represents the College's share of the net liability in respect of the Local Government Pension Scheme. This fund has been separated on the College's balance sheet in order to distinguish the liability from the operational liabilities which form part of the College's working capital.

17 Restricted funds

The income funds of the College include restricted funds comprising the following balances of donations and grants held on trust to be applied for specific purposes.

	At 1 August 2020 £'000	Income £'000	Expenditure £'000	At 31 July 2021 £'000
Bursary fund and Free School Meals	-	169	(169)	-
	-	169	(169)	-

The specific purposes for which the monies are held are as follows:

- Bursary fund and free school meal funding.
This comprises monies received from the ESFA towards bursary payments and to provide meals to learners. Any amounts not used by 31 July 2021 will be returned to the ESFA.

18 Analysis of net liabilities between funds

	Unrestricted funds			Restricted funds £'000	2021 Total funds £'000
	General funds £'000	Tangible fixed assets fund £'000	Pensions reserve fund £'000		
Tangible fixed assets	-	5,450	-	-	5,450
Debtors	995	-	-	-	995
Cash at bank and in hand	6,729	-	-	-	6,729
Creditors due within one year	(2,668)	(18)	-	-	(2,686)
Creditors due after more than one year	-	(1,285)	-	-	(1,285)
Defined benefit pension liability	-	-	(14,315)	-	(14,315)
	5,056	4,147	(14,315)	-	(5,112)

19 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Sutton Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS related to the period 31 March 2019.

Contributions amounting to £139,116 (2020: £183,193) were payable to the schemes at 31 July 2021 and are included within creditors.

Pension and similar obligations (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million;
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS during the year amounted to £470,000 (2020: £384,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The College has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme.

Notes to the financial statements 31 July 2021

Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2021 was £1,110,000 (2020: £879,000), of which employer's contributions totalled £865,000 (2020: £692,000) and employees' contributions totalled £243,000 (2020: £187,000).

Principal actuarial assumptions	At 31 July 2021 %	At 31 July 2020 %
Rate of increase in salaries	3.75	3.10
Rate of increase for pensions in payment / inflation	2.75	2.10
Discount rate for scheme liabilities	1.60	1.60
Inflation assumption (CPI)	2.75	2.10

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

	At 31 July 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.6	21.1
Females	24.3	23.8
<i>Retiring in 20 years</i>		
Males	22.9	22.5
Females	25.7	25.2

	Fair value at 31 July 2021 £'000	Fair value at 31 July 2020 £'000
The College's share of the assets in the scheme were:		
Equities	3,665	2,615
Gilts	866	817
Other bonds	471	373
Property	567	554
Other	1	62
Cash	86	127
Total market value of assets	5,656	4,548

The actual return on scheme assets was £529,000 (2020: £163,000).

Notes to the financial statements 31 July 2021

Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	31 July 2021 £'000	31 July 2020 £'000
Current service costs	1,071	526
Net interest cost	149	128
Net liability transferred to Orchard Hill College Academy Trust (note 5)	(456)	-
Total operating charge/(credit)	764	654

Changes in the present value of defined benefit obligations were as follows:	31 July 2021 £'000	31 July 2020 £'000
Opening balance	15,083	8,802
Current service cost	1,941	1,221
Interest cost	197	213
Employee contributions	243	189
Actuarial loss	3,545	4,685
Benefits paid	(27)	(27)
Past service costs	-	-
Liability transferred to Orchard Hill College Academy Trust (note 5)	(1,011)	-
At 31 July 2021	19,971	15,083

Changes in the fair value of the College's share of scheme assets:	31 July 2021 £'000	31 July 2020 £'000
Opening balance	4,548	3,615
Interest income	55	88
Return on assets	529	163
Actuarial loss	-	(172)
Employer contributions	870	695
Employee contributions	243	189
Benefits paid	(27)	(27)
Administration expenses	(7)	(3)
Assets transferred to Orchard Hill College Academy Trust (note 5)	(555)	-
At 31 July 2021	5,656	4,548

20 Related party transactions

Owing to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations. It is inevitable that transactions will take place with organisations in which a Governor may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Notes to the financial statements 31 July 2021

Related party transactions (continued)

Related party income

The College has formalised a service level agreement with OHCAT and its academies for the provision of learning support services which, for the year ended 31 July 2021, amounted to £297,000 (2020: £403,000). The total value of services to individual academies and the central MAT during the year was as follows:

	2021 £	2020 £
Orchard Hill College Academy Trust	169,144	194,833
Carew Academy	2,674	14,142
Young People's Academy	1,442	3,510
The Skills Hub	117	1,499
Bedelsford School	51,045	84,403
Dysart School	583	6,838
St Philip's School	4,936	7,836
Nightingale Community Academy	19,471	27,851
The Link Primary School	2,435	5,521
The Link Secondary School	9,871	14,457
Brantridge	600	1,335
Grafham Grange	895	2,035
St Dominic's	9,502	2,835
Arbour Vale School	17,197	32,585
Unified Academy	6,516	3,547
Addington Valley Academy	525	-
	296,953	403,227

Related party expenditure

The College has a Service Level Agreement with Orchard Hill College Academy Trust for the provision of business support services, including leadership, IT, MIS, Marketing, HR & Payroll and Finance..

The following services were provided at-cost basis during the period:

	At 31 July 2021 £'000	At 31 July 2020 £'000
Leadership	10,384	183,169
PA support	50,021	30,343
Finance	232,708	146,649
HR	140,411	146,232
Governance	22,305	1,669
Marketing	48,426	78,276
IT	220,586	238,699
MIS	111,741	102,087
Facilities	280,220	289,134
Contribution to capital of business services department	-	70,697
Core service contribution	1,074,935	831,097
	2,191,737	2,118,052

Related party transactions (continued)

Related party expenditure (continued)

In addition to the above, the following transactions took place between the College and individual academies within the Academy Trust:

- A College centre is based at one of the academies of Orchard Hill College Academy Trust; the College pays rent of £39,975 (2020: £39,000);
- During 2020-21, College students accessed a vocational provision delivered by one of the academies; the cost of these courses amounted to £90,000. In addition, during the period under review the College paid £26,000 for courses delivered during summer term of 2019-20 academic year (2020: £52,000 for autumn and spring terms);
- The College has a service level agreement to reimburse the Academy Trust for costs incurred in relation to Garratt House, a College site transferred from the Academy Trust on a 50-year lease. In the year to 31 July 2021, the College paid £22,064 under this arrangement, being the charges due for the last two academic years (2020: £NIL);
- Last year, the College bought in the services of Academy Trust staff with specialised experience in behaviour support (2020: £20,989), and leadership from an academy school to provide support to an external college (£26,485). Neither of these services were procured from OHCAT during the year to 31st July 2021

All of these transactions were provided by Orchard Hill College Academy Trust at cost.

The amount due from the Academy Trust to the College at 31 July 2021 was £269,220 as disclosed in note 12 (2020: due to Academy Trust £148,800, as disclosed in note 13).

21 Operating lease commitments

At 31 July 2021, the total of the College's future minimum lease payments under non-cancellable operating leases was as follows:

	At 31 July 2021 £'000	At 31 July 2020 £'000
Amounts due within one year	487	596
Amounts due within one to two years	404	694
Amounts due after more than five years	408	510
	1,299	1,800

22 Events after the balance sheet date

There were no events after the balance sheet date that would require adjustment to these financial statements in accordance with FRS 102 (Events after the balance sheet date).

Notes to the financial statements 31 July 2021

23 Comparative information

Analysis of income and expenditure account for the year ended 31 July 2020 between restricted and unrestricted funds:

Income and expenditure account	Notes	Unrestricted funds £'000	Restricted funds £'000	31 July 2020 Total funds £'000	31 July 2019 Total funds £'000
Income from:					
Donations and legacies		452	-	452	3
Charitable activities					
. Provision of education		14,376	23	14,399	13,143
Other trading activities		3	-	3	1
Investments		6	-	6	2
Other items: pension liability transferred		-	-	-	4,278
Total income		<u>14,837</u>	<u>23</u>	<u>14,860</u>	<u>17,427</u>
Expenditure on:					
Charitable activities					
. Provision of education		13,749	23	13,772	13,674
Total expenditure		<u>13,749</u>	<u>23</u>	<u>13,772</u>	<u>13,674</u>
Net income		1,088	-	1,088	3,753
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme		(4,694)	-	(4,694)	(199)
Net movement in funds		<u>(3,606)</u>	-	<u>(3,606)</u>	<u>3,554</u>
Reconciliation of funds					
Fund balances brought forward at 1 August 2019		584	-	584	(2,970)
Fund balances carried forward at 31 July 2020		<u>(3,022)</u>	-	<u>(3,022)</u>	<u>584</u>