



REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Leadership Team with substantive leadership responsibilities and were represented by the following in 2023/24:

Peter Kennedy	Executive Principal and CEO; Accounting Officer, WEF 01/11/23
Wendy Ellis	Interim Principal, WEF 01/11/23, previously Deputy Principal
Jo North	Interim Deputy Principal WEF 17/4/24 previously Vice Principal
Gary Thomas	Vice Principal WEF 17/4/24 previously Assistant Principal
Gemma Scott	Vice Principal WEF 17/4/24 previously Assistant Principal
Al Robinson	Vice Principal
Laura Horton	Assistant Principal left 31/8/23

Board of Governors

A full list of Governors is given on pages 20-25 of these financial statements.

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

Professional advisers

Financial statements auditors and reporting accountants:

Smailes Goldie
Regent's Court
Princess Street
Hull
HU2 8BA

Bankers

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

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

Solicitors

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

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

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REPORT OF THE GOVERNING BODY

Nature, objectives and strategies

The members present their report and the audited financial statements for the year ended 31 July 2024.

Legal status

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

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

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

Vision

The College's vision is to provide the best possible life chances for our community.

Public Benefit

Franklin Sixth Form College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 20-25.

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

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

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

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

REPORT OF THE GOVERNING BODY (CONTINUED)

Strategic Objectives

Franklin Sixth Form College, in common with all incorporated further education and sixth form colleges in England, is planning the delivery of its strategic objectives against a backdrop of uncertainty. The most significant contributor to this uncertainty is the known increase in students within the local demographic who may wish to study at the College and the availability of funding to expand the estate to meet this significant increase in demand. The high levels of student recruitment in September 2024 only serve to provide evidence of the high standing the College has in the local area.

In common with our strategic aims for the period being reported, Franklin Sixth Form College has operated as an independent, incorporated sixth form college, a structure which Governors and senior leaders believe offers the greatest range of flexibility and opportunity for a provider of sixth form education. Governors have already made a clear statement that they wish the high-quality provision at the College to continue, and for real choice to be available to young people at age 16 and their families. In addition, the College has retained and further developed its adult skills provision and is committed to providing the best possible life chances for its community.

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

Implementation of the Strategic Plan 2022-2024

(a) Strategic Objectives

The College's Strategic Ambitions for 2022-2024 were developed following consultation with students, staff and Governors, and constitute the objectives for Franklin Sixth Form College for the duration of the Strategic Plan to 2024. The 2022-2024 Plan contained six Strategic Objectives listed below.

The college has developed its new strategic plan 'Grace Under Fire' which covers the period 2024-2027, the plan comes into effect on 1st August 2024. The four strategic intent statements contained within Grace Under Fire continue the themes of the current plan, they are:

- Strategic objective 1 – An inclusive Sixth Form College serving its community and local business
- Strategic objective 2 – A high performing college with outstanding progress and progression
- Strategic objective 3 – A college campus that supports learning and development
- Strategic objective 4 – A great place to work

Strategic Objective 1 - An inclusive Sixth Form College serving its community

The College will remain inclusive in approach, retaining a curriculum which includes Level 2 and Level 3 provision and a range of technical, academic and applied options as relevant and appropriate to our community and a small adult provision which is predominantly geared to supporting the development of adult numeracy and literacy locally.

In order to achieve this, we will:

- Review our curriculum offer and entry thresholds annually to ensure that our inclusive intent is maintained and that we recruit with integrity to that offer
- Review curriculum intent and implementation annually across all subjects
- Maintain a Level 2 programme and programme manager, such that study programmes at this level make up between 5 and 10% of our total cohort
- Continue to offer some courses as "niche" courses which may not be profitable in their own right, but add to the diverse offer and the overall character of the College
- Manage the increasing demographic pressures in an inclusive way by focussing admissions planning, implementing a robust approach to deadlines and late applicants – this to attain a planned enrolment in the region of 2000 students by 2024

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

- Continue to engage with the GLLEPs, schools, HEIs, DfE and Local Authorities so that we can respond flexibly to our community's changing needs and aspirations
- Continue to develop the Centre for Professional Development concept, drawing together Career Academy and other employer engagement/progression activities coherently in support of regional priorities related to the future professional infrastructure and shortfall areas (c60,000 shortfall in level 4 qualified individuals by 2030)

Strategic Objective 2 - A high performing college

The College is known locally as the most successful post-16 education provider because our students succeed beyond their expectations and beyond what might be expected from their incoming attainment and because our students go on to positive destinations which are aspirational and productive.

In order to achieve this, we will:

- Continue to develop our application processes and support for students making the transition from school to College (and from home education to College)
- Achieve attendance levels that are consistently above the average for sixth form colleges
- Achieve retention rates that are consistently above the average for sixth form colleges
- Achieve continually improving positive progression rates, demonstrating that over 95% of students' progress to positive destinations
- Secure progress measures which are 'significantly positive' and so within the best performing 25% nationally for L3 qualifications (until national performance table measures are robust, we will use in-house L3VA systems, nationally benchmarked to 2019 outcomes and shared across our ACT group)
- Secure GCSE progress measures of at least half a grade per entry above average
- Secure internal progression rates of over 95% annually for L3 students between Yr1 and Yr2 and 60% progression for L2 to L3 students
- Support all groups of students to ensure that their performance meets the average for the College (based on retention and progress indicators)
- Develop our wider enrichment programmes, ensuring all students are supported in their personal development, understand the importance of independent learning and are 'rounded, resilient and ready for their future'
- Utilise our partner organisations such as the SFCA and NorVIC to support the curriculum and cross-College areas and drive-up quality and service.

Strategic Objective 3 - A College campus that supports learning and development

The College will create a dynamic campus to support students' learning and development through investing in repairs and maintenance works, in developing and improving our student 'social spaces', in revisiting and improving on replacement policies, in maximising our classroom space to maximise accommodation and in identifying growth potential.

In order to achieve this, we will:

- Continue with plans to develop social and independent learning space
- Continuously evaluate the quality, location and operation of independent learning and social spaces, through dialogue with students, staff, and learning from others
- Implement changes to current accommodation deployment to release rooms into teaching spaces through minor works and relocations as required
- Pursue options to fund the expansion of the college campus, increasing the number of classrooms and developing a large learning space
- Implement improved Wi-Fi across the College to provide a 'university level standard' to support teaching and independent learning.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

Strategic Objective 4 - A great place to work

The most recent staff survey indicated that there is a continued a significant improvement in morale across the staff body as the College's performance has improved.

As the College grows, develops and improves, it is essential that it continues to build a sustainable staff body, who are appropriately qualified, live the College values and have the opportunity for continued professional development, utilising internal progression and advancement opportunities as they occur.

In order to achieve this, we will:

- Review (ongoing) the newly formed Staff Wellbeing Group, using this as a key temperature gauge of staff concerns and a conduit for ideas to enhance staff morale and deliver celebratory events such as the staff BBQ held in July 2024
- Strive to offer opportunities to staff for development and progression, utilising the advantages of growth to continually review our staffing and deployment
- Deliver our Aspiring Leaders Programme and our Aspiring Teachers Programme so that those staff intent on career progression have opportunities to develop their skills and to enhance their opportunities to progress internally or elsewhere
- Continue to identify areas of work where the award of a small honorarium can be made to offer opportunities to develop and recognise staff contribution to the College
- Ensure that our strong links with Bishop Grosseteste University (BGU) give us access to the best trainee teachers and support trainees to enter the profession successfully
- Continue to develop our Performance Management Systems further so that performance is specifically linked to our agreed values and behaviours and staff feel able to challenge in all situations where these values and behaviours are not met.

(b) Operating Review, Key Developments and Strategy

The College Corporation reviewed the three year rolling Strategic Plan 2022-2024 in October 2023. Governors, staff, students and other stakeholders contributed to the Plan's original creation, which sets out the College's vision and strategic objectives until 2024. The Strategic Plan is consistent with, and is underpinned by, the College's three year Finance Plan 2021-2024. The College continued to review its strategy throughout the life of the plan as the full impact of the changing political, economic and health climates become clearer. The amount of funding available for students aged 16-19 continues to represent a significant challenge against a backdrop of rising costs. In addition, the College faces a significant rise in student applications from 2023 onwards due to the increase in student numbers in Secondary Schools. The College's plan to manage these risks includes a continuous review of staffing and structures, its curriculum and services, including reviewing pay and non-pay costs as well as developing a wider range of other income-generating and partnership activities.

The College was subject to an Ofsted inspection in May 2024 which resulted in an evaluation that the College is OUTSTANDING across all inspection aspects.

The college has developed its new strategic plan 'Grace Under Fire' which covers the period 2024-2027, the plan comes into effect on 1st August 2024. The four strategic intent statements contained within Grace Under Fire continue the themes of the current plan as noted earlier.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

i. 11 - 19 Provision: Partnership

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

The College has a history of good partnership working arrangements with most of the secondary academies in North East Lincolnshire and other schools across the Counties of North Lincolnshire and Lincolnshire, and three members of the College Leadership Team are on the governing bodies of four secondary academies in North East Lincolnshire.

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

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

We have close links with Bishop Grosseteste University in Lincoln and are a placement centre for their trainee teacher programmes.

ii. 16-18 Provision

Student numbers are predicted to increase significantly due to Year 11 numbers in North East Lincolnshire (and across northern Lincolnshire) rising. The College is the main provider of Level 3 courses in the area, particularly A levels. The numbers of young people able to access Level 2 and Level 3 is expected to increase, due to a combination of the rising number of students in Y11 and the impacts of Covid 19 and lost learning. To meet these challenges, the College annually reviews both its strategic and financial plans to ensure our provision is fully accessible and relevant to young people in the area.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

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

- Grimsby Institute of Further and Higher Education (GIFHE) recruiting mainly to Level 1/2 and Level 3 vocational programmes.
- Tollbar Academy and Havelock Academy offer A level programmes as 11-18 providers
- Slightly further afield in Lincolnshire there are Comprehensive and Grammar schools in Louth, Market Rasen, Alford and Caistor (offering mainly GCE A level at Level 3).

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

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

Funded students (16-18) in 2023/24 were similar to 2021/22 with a larger first year cohort and a smaller second year cohort. The recruitment in September 2023 has seen a significant increase in the number of Y12 students with the total cohort size being circa 1,850 at the start of the term.

College accommodation and resources were sufficient in 2023/24 to successfully meet the additional student numbers. The College recognised, as part of its strategic planning, the growing cohort of Y11 students in the local area who would reasonably be expected to apply in Sept 2024 and it secured a capital loan from the DfE to fund a new building which would create an additional eight classrooms, a new college reception and an auditorium for use from September 2025.

Key developments 2023/24 include:

- Support and further develop the quality of teaching, learning and assessment across the College; the delivery of online teaching and student support including the creation of a dedicated study skills desk to support all students but with a particular focus on students who did not achieve a grade 4 in either or both Maths and English.
- Focus on student outcomes, particularly in relation to added value and progression pathways.
- The commencement of the new building to create an additional eight classrooms, a new college reception and an auditorium space which will accommodate 160 learners.

iii. Employer Engagement

At Franklin Sixth Form College we recognise the potential and talent of our students and work very closely with industry and university professionals to support students throughout their College journey and beyond. We have a dedicated team of professionals based in our sector-leading Centre for Professional Development who offer specialist careers and employability advice and guidance to students, so they can make informed decisions about their future. Our comprehensive careers programme gives students a wide-ranging insight into the careers that are available, in particular with our Annual Careers and Progression Event, which hosts over 100 employers and universities from across the country; our regional STEM Conference and our Your Future Day. Students benefit from CV writing, interview support, work experience, summer internships and a wealth of enrichment activities that are available. Given the growing success of the STEM conference, the CfPD team plan to expand the STEM Conference concept and introduce a Creative Conference or curriculum areas such as performing arts, art, photography, music and media.

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

Working in partnership with other education providers, Lincoln University, Hull University, Bishop Grosseteste University, local authority and a wide range of employer stakeholders, the Centre for Professional Development has been cited as 'One of the most innovative and successful initiatives in the college sector' - James Kerwin, Deputy Chief Executive, Sixth Form Colleges' Association.

19+ Provision

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

(c) Quality Development

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

Key strengths identified include:

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

Areas for improvement the College is addressing include to:

- Develop and implement strategies to assure sustainable financial planning in 2024 - 2027 and beyond
- Improve value added further overall at A Level, and especially in those areas/courses where this is below average
- Quicken the pace of improvement of courses where this is below the College's average performance in terms of headline achievement rates and/or value added performance
- Sustain current levels of student recruitment through a continued strengthening of the College's Marketing and Schools Liaison function
- Further development of partnership work across curriculum and cross-College functions with key partners

REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of the Strategic Plan (continued)

Estates Strategy

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

- Replacement fire safety system
- Continued maintenance works to teaching areas including re-decoration of classrooms, staff rooms and common areas
- Project manage the construction of new reception, classroom block and auditorium. This build will be finished for the start of Autumn term 2025.

In looking forward, the College recognises that student numbers are predicted to increase further in 2024/25 as Year 11 numbers in North East Lincolnshire (and across northern Lincolnshire) continue to rise. Teaching space and social space within the College have been placed under increasing pressure as a result of the increased number of students enrolled in Sept 2024. This increase in students requiring a place within College will rise, increasing the pressure on College resources, most notably the estate facilities. This is a significant risk and the College has continued planning for capital works to create more teaching space including sourcing funding for a new reception, 8 classroom block and auditorium.

Financial objectives

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

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

Specifically, these objectives will be achieved by:

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

- Achieve an operating surplus on the income and expenditure account from 2022 onwards
- Achieve a minimum operating surplus as a percentage of income of 4% from 2022 onwards
- Achieve 5% or higher cash generation from operating activities
- Achieve an adjusted current ratio greater than 1:1.5 throughout the life of the plan
- Maintain cash days of 90 days or more throughout the life of the plan.

These financial targets have been developed with a view to achieving and maintaining a financial health score of 'Outstanding' from 2022 onwards. The College Leadership Team and the Corporation do however recognise that, in the short-term, the financial health grade may be Good as additional investments are made in the campus. The priority over the life of the Finance Plan remains a focus on generating a positive cash flow from ordinary operations.

REPORT OF THE GOVERNING BODY (CONTINUED)**Implementation of the Strategic Plan (continued)****Adopting systems and policies to ensure sound financial management by:**

- Producing timely management accounts on a monthly basis incorporating:
 - a) commentary including key risks
 - b) cost centre income and expenditure account
 - c) consolidated balance sheet
 - d) capital expenditure progress report
 - e) 12-month rolling cashflow forecasts
 - f) reports on the progress towards key performance indicators (including information relating to Human Resources)
 - g) regular treasury management activity reports
 - h) regular ad-hoc reports on the performance of specific business areas.
- Ensuring that College financial regulations and procedures are in place, adhered to, and are periodically reviewed for appropriateness
- Strengthening procedures for testing the desirability and affordability of any proposals which have financial implications
- Adhering to the highest standards of regularity, including the implementation of a robust procurement policy
- Introducing post-implementation review procedures for assessing the success or otherwise of major investments
- Creating business plans, cost centres and project management structures to reduce the risk of lost opportunities.

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

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

Raising awareness of financial issues by:

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

Maintaining College assets, accommodation and equipment by:

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

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance Indicators

Financial results

The College ended the year with a surplus before tax of £378,000 (2023 surplus £213,000) and cash balances of £1.27m (2023 £1.17m).

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

Tangible fixed asset additions during the year 2023-2024 amounted to £1.709m

The College has significant reliance on the ESFA for its principal funding, largely from recurrent grants. In 2023-2024 this organisation provided 88% of the College's total income.

The College has in place a three year finance plan covering the period 2023-2025 that was approved by the Corporation in July 2024. The College Leadership Team and Corporation recognise that, in the short-term, the priority over the life of the finance plan is to maintain a position of positive cash flow from ordinary operations beyond 2025.

Key performance indicator	Measure/Target	Actual for 2023/24
Education specific EBITDA as % of income	> 5%	6.01%
Staff costs as % of total income	< 76%	68.95%
Adjusted current ratio	> 1:1	1:0.98
Borrowing as % of income	< 40%	1.65%
ESFA income as a % of total income	< 90%	88%
Financial Health Score	Good	Good

The College is committed to observing the importance of sector measures and indicators and uses the data available on the GOV.UK website which looks at measures such as success rates. The College also subscribes to the Six Dimensions student progress performance measure. The College is required to complete the annual Finance Record for the Education Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having an "Good" financial health grading for the year 2022/23. The current rating of "Good" is considered an excellent outcome, the forecast financial health grading for the year 2023/24 is "Good".

<u>Financial Health (ESFA)</u>	2020/21	Outstanding
	2021/22	Outstanding
	2022/23	Good
	2023/24	Good

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance Indicators (continued)

The College's Financial Health score was assessed as Good in 2023/24.

<u>EBITDA (Education Specific)</u>	2020/21	10.04%
	2021/22	8.79%
	2022/23	9.29%
	2023/24	6.01%

At the start of the financial year the Financial Health Grade was expected to be either Good or Outstanding.

Close budget monitoring continued throughout the period. The overall cash balance was slightly increased .

Student Outcomes

2024 student outcomes were achieved through formal examinations taken including an increased number of exam-based outcomes for BTEC/CTEC vocational qualifications.

Pass rates on A Level qualifications were 96%, with 40% of students achieving high grades. 100% of students studying a Level 3 vocational qualification passed the course, 80% of students achieving high grades in both the double and triple course options.

In GCSE Maths and English, the results were outstanding with resit achievements of 64% in English and 34% in Maths, both being nearly twice the national average of 19% and 15% respectively.

2024 Recruitment

The significantly larger 2024 cohort has resulted in a large first year. For the first year in the life of the College, the total student population exceeded 2,000 students at the start of the term, which puts pressure on the estates capacity and an accelerated need to create more classrooms ahead of the September 2025 intake when the local demographic profile of students increases further.

Treasury policies and objectives

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

The College has a separate Treasury Management Policy in place.

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance Indicators (continued)

Cash flows and liquidity

The College's cash position as at 31 July 2024 was £1.27m (2023: £1.17m).

The increase in cash of £100k (2022/23: (£1.85m)) was in line with financial planning expectations.

The College had no bank borrowings to report in the period and has structured its approach to placing funds on deposit to maximise interest rates available while ensuring funds are available to meet planned operations.

During 2023/24 the College entered into a Loan agreement with ESFA for £2.85 million, as at 31 July 2024, the College had drawn down £181k.

Reserves policy

The College recognises the importance of reserves in the financial stability of an organisation, whilst ensuring resources are provided for the College's core business. The College is in the process of formulating a Reserves Policy to establish appropriate levels of free reserves to ensure the College's main operations would continue during a period of change or uncertainty. The aim of the policy is to maintain at least enough unrestricted cash to pay the College's operating expenses including salaries for a minimum period of 90 days. The College currently has no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserves stand at £6.3m (2023: £6.1m). It is the Corporation's intention and focus to increase the College's reserves over the life of the Strategic Plan.

Decreased levels of cash at the year-end negatively impacted on the number of days the College held cash. This decrease is in line with the financial plan and after the College made investments in new and improved facilities for students such as capital investment in The Bridge and IT equipment in classrooms.

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

Events after the end of the reporting period

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

Resources:

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

Financial

The College has £7.302m of net assets.

People

The College employs 155 people (expressed as full time equivalents), of whom 73 are teaching staff.

Reputation

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

REPORT OF THE GOVERNING BODY (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The College operates a Board Assurance Framework and through this process maintains a risk register at College level which is reviewed regularly by the Board Assurance Committee, which includes the College Leadership members. The register is also reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Each risk owner considered their risks and reported any impacts identified together with control measures to mitigate or manage the risk impacts.

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

Government funding

The College has considerable reliance on continued Government funding through the further education sector funding bodies. In 2023/24, 91% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue on at least the same levels or on the same terms.

The College is aware of several issues which may impact on future funding, including the planned removal of vocational (Applied General) qualifications and changes in government policy. The College, in conjunction with its key stakeholders, is developing both a strategy for growth in response to these agendas and a continued ability to meet alternative ways of delivering education including increased online provision.

This risk is mitigated in a number of ways:

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

REPORT OF THE GOVERNING BODY (CONTINUED)

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme position on the College's balance sheet in line with the requirements of FRS 102.

This risk is mitigated by an agreed contribution plan with the East Riding Pension Fund.

Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Good" as described above. This is largely the consequence of maintaining pay and non-pay costs in line with levels of income as student numbers grow. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on the site campus which currently is not large enough to support the expected increase in the local student population. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in-year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies.
- Discussions with key stakeholders including the Department for Education and Local Authority
- The submission of applications to relevant government capital funding programmes.

Future Prospects

Stakeholder relationships

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

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

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

REPORT OF THE GOVERNING BODY (CONTINUED)

Equality

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

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

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

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

Franklin Sixth Form College has an Equality & Diversity Policy Statement dated September 2022 and a Single Equality Duty Action Plan. An Annual Report is produced and is published in September each year.

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

The College will continuously strive to:

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

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

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

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

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

The College has committed to using the Thrive model to support our staff and students' mental wellbeing and is in its second year of a student and staff Wellbeing Strategy.

REPORT OF THE GOVERNING BODY (CONTINUED)

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and the Public Sector Equality Duty 2011.

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

Trade union facility time

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

Relevant Union Officials

Numbers of employees who were TU officials during relevant period	FTE employee number
2	2

Percentage of pay bill spent on facility time

Percentage of time	Number of employees
0%	2
1-50%	-
51-99%	-
100%	-

Percentage of time spent on facility time

Total cost of facility time	£3,281
Total pay bill	£7,520,813
Percentage of total bill spent on facility time	0.0004%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0.50%
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Going Concern

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

In making this determination, the Corporation has given full consideration to the College's current performance in terms of student outcomes, its funding performance against target (linked to student number growth), the economic, social and political challenges facing North East Lincolnshire and the surrounding area, and its risk appetite relative to the attainment of its strategic ambitions. Cash flow forecasts for 2024/25 and beyond are very positive following a highly successful recruitment in September 2024 and a natural significant increase in the local demography for the region from September 2024. The level of cash days in hand is set to be maintained in 2024/25.

REPORT OF THE GOVERNING BODY (CONTINUED)

Going Concern (continued)

Student outcomes at the end of full-time Study Programmes (and in the case of 19+ students, part-time programmes) are good with nearly all of the College's HE progressing students securing their first choice placement. Student progress against their starting points is good. Feedback from students and their families, and from employers, is positive.

Student destinations are good, with around 64% of leavers progressing to Higher Education, and over 9% leave the College for positive destinations. The College's curriculum meets employer needs and is aligned with the strategic ambitions of the local authority and both the Hull & East Yorkshire and Greater Lincolnshire Local Enterprise Partnerships.

Student recruitment in September 2024 increased significantly compared to the previous year. This growth is expected to continue as the College is set to benefit from a significant increase in the Y11 population from September 2024 onwards. An important element of forward planning is related to the capacity of the estate, which at present cannot cope with the likely pressures of the demographic upturn over the next five years. Recent amendments to the funding rate are very welcome and suggest that the College's medium term future is very strong indeed.

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

The College has a long track record of collaboration and co-operation with other organisations and institutions, with at its heart the core aim of improving the life chances of young people in North East Lincolnshire and the wider counties of North Lincolnshire and Lincolnshire.

In May 2024, the College was subject to an Ofsted Inspection, the outcome of this inspection being a grade of Outstanding across all elements of the college's provision. The grade reflects the hard work and relentless focus on quality of provision and student outcomes including the college's adult learning provision. This focus continues through 2024/25.

The final Ofsted report stated, leaders and managers have a very clear overview of the quality of the provision at the college, including at the subcontractors, the report also recognised that the college has high expectations of staff and students and there is a comprehensive pastoral infrastructure to support the high quality of teaching and learning.

Of the college's adult provision, Ofsted stated that managers have reviewed and successfully enhanced the adult learning curriculum by, for example, ensuring that teachers cover the basic curriculum components comprehensively before teaching more advanced topics. They have communicated clearly their expectations to staff, and adult students now make very good progress in developing their knowledge and skills.

The Corporation have considered actual financial performance in the period against planned financial performance and have concluded that the year's outturn is as expected. The Governors remain committed to retaining the College's incorporated status and are working closely with the Accounting Officer to explore options to allow this including greater strategic collaboration with sixth form colleges and local secondary and primary schools in the region.

The college is not expected to change its status within the next financial year. The governors remain committed to exploring alternative legal statuses including retaining its incorporated status whilst considering academisation options. The college submitted a single academy application in March 2024, however no decision has been received from Department for Education regional team at the time of writing this evaluation. Alongside exploring academisation options the college continues to work collaboratively with other post 16 education providers.

In establishing the going concern as a basis for the preparation of the financial statements, the College has reviewed the Financial Plan 2023-2026, forecast management accounts and future cash flow forecasts to 31 July 2026. These sources reflect a healthy financial base, most significantly through a future increase in student numbers in the local region. The Corporation considers the College to have a strong financial base and future growth prospects which support the preparation of the Financial Statements on the basis of a strong going concern.

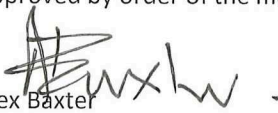
After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

REPORT OF THE GOVERNING BODY (CONTINUED)

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 17 December 2024 and signed on its behalf by:


Alex Baxter
Chairman

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Corporation conducted an annual self-assessment of governance and also an external governance review of governance. The external review was conducted by Stone King LLP and concluded in December 2021.

The external review of governance concluded that governance in the College is strong and well developed. The Corporation was encouraged within the report to capitalise on this position of strength and to further encompass aspects of current best practice. The specific action plan elements established from the review which the Corporation accepted were:

- Continue to consider the impacts of the White Paper, the Skills and Post-16 Education Bill and associated developments in any strategic planning
- Continue to strengthen the training and development of Governors and the Clerk to the Corporation
- Consider enhancing general matters of governance process including committee composition, Governor terms of office, use of an action tracker and planner.

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. Having due regard to the UK Corporate Governance Code 2018 (“the Code”) insofar as it is applicable to the further education sector.
- iii. Whilst not having adopted the UK Corporate Governance Code 2018 and the Charity Governance Code, the Corporation has due regard to its principles and guidance.

The Corporation recognises that, as a body entrusted with public funds, it has a particular duty to observe the highest standards of corporate governance at all times. To this end, it conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life and having due regard to the UK Corporate Governance Code and the Charity Governance Code insofar as it is applicable to the further education sector. In July 2015, the Corporation expressed its wish to adopt the English Colleges’ Code of Good Governance, becoming fully compliant with the September 2020 version in its entirety. In May 2022 the Corporation agreed to adopt the revised Code of Good Governance for English Colleges (September 2021 version), and in December 2023 adopted the FE Code of Good Governance. The College has complied with all the stipulations contained within the College Accounts Direction. The Corporation is also committed to exhibiting best practice in all aspects of corporate governance.

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

GOVERNANCE CODE

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024.

The Corporation

Throughout the year Governors contribute significant amounts of their time to support the strategic outcomes of the College. In order to accomplish these outcomes and to inform themselves through first-hand experience as to the ways in which the Strategic Plan is being achieved, Governors freely give the College their commitment and their time outside of the Corporation and Committee structure. They participate as “external” critical friends in curriculum and cross-College Self-Assessment and Quality Improvement Plan reviews (November and December) and the February mid-year reviews of the latter. They gain a better understanding of the College through their curriculum links and visits to their subject areas. Those with designated link responsibilities visit and attend meetings with the appropriate members of staff and departments. Governors are invited and attend extra-curricular occasions such as open evenings, progression and professional development events, and student performances, as well as representing the College at external events.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

These Governors have also attended various training events and briefings; these events having been delivered both in-house and by external providers. The College subscribes to the SFCAs governance webinar programme with access being given to all Governors, the Clerk and senior managers (where appropriate). On appointment, all new Governors are taken through an induction training process to familiarise them with the College and the work of the Corporation. Governors are also able to request training in any areas in which they feel their knowledge/skills base could be enhanced. The Clerk is able to take advantage of the same training opportunities.

In 2021, the College commissioned an external review of its governance processes. This was undertaken by Stone King with the final report being presented to the Corporation in December 2021. An action plan was drawn up in order to work towards fulfilling the recommendations made by the consultant and accepted by the Corporation. The Corporation also completed its own annual self-assessment of governance and the final outcomes were presented to Governors in July 2024. In 2023/24 the college commenced the process of engaging the second external review of governance and appointed the Association of Colleges. The next external review of governance will commence in November 2024.

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

Name	Date of Appointment	Term of Office	Status of Appointment	Committees Served	Occupation/ Experience	Attendance 2023/24
Alex Baxter	30.09.2010	30.09.2026	Independent Member	Search; Remuneration; Resources	Consultant, Defence Industry	Corporation: 6/6 Committee: 11/11
Chair wef 18.01.2016	Reappointed 30.09.2014 (1)					
Reappointed 13.09.2017	Reappointed 30.09.2018 (2)					
Reappointed 10.09.2019	Reappointed 30.09.2022					
Reappointed 21.09.2021	Additional non-committee meeting activities conducted include attendance at Governors' Strategy Days, performance-related meetings, ESFA annual strategic conversation, Chairs' Group meetings, Academisation Sub-Group meetings, SAR and QIP validation meetings, attendance at Governors' Curriculum Links Days, senior staff meetings, launch events, Aspiring Leaders events, Centre for Professional Development events, senior manager shortlisting and interview meetings, meetings with Ofsted inspector, Ofsted outcome event, tender evaluation panel meeting, and line manager meetings with the Principal and Clerk. Additional Chair's responsibilities.					
Reappointed 19.09.2023						
Alan Bird	14.12.2016 (1)	14.12.2024	Independent Member	Audit	Finance, education	Corporation: 4/6 Audit Committee: 3/3
	Reappointed 14.12.2020 (2)					
	Additional non-committee meeting activities conducted include Governors' Strategy Days, Governors' Curriculum Links Day, Centre for Professional Development events, Careers and Employability networking meeting, cross-College SAR/QIP validation meetings and Aspiring Leaders' event.					

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Joshua Briggs	08.03.2017 (1) Reappointed 08.03.2021 (2)	08.03.2025	Independent Member	Resources; Remuneration	Solicitor	Corporation: 6/6 Committee: 4/4
	Additional non-committee meeting activities conducted include attendance at Governors' Strategy Days, Governors' Curriculum Links Day, performance-related meetings, meetings with Ofsted inspector, Ofsted outcome event, senior manager shortlisting and interview meetings, cross-College SAR/QIP validation meetings, Skills Link Governor duties and visits, Employer Advisory Board meetings, chair of an Appeals Committee hearing, judge for the Mock-Trial competition, Progression Evening and Centre for Professional Development events.					
Katherine Bruning	01.09.2023 Resigned 03.10.2023	01.09.2027	Co-opted Member	Quality, Teaching and Learning	Primary education	Corporation: 1/1 Committee: n/a
Ben Edwards	05.10.2023 End of term of office 31.07.2024	While an FC student	Student Member	Quality, Teaching and Learning	Student	Corporation: 1/5 Committee: 0/4
	Additional non-committee meeting activities conducted include attendance at Governors' Strategy Days and meetings with the Principal in relation to the student Governor role.					
Katy Elliott	01.09.2021 (1) Resigned 17.11.2023	01.09.2025	Independent Member	Audit	Finance	Corporation: 0/1 Audit Committee: n/a
Helen Forman	16.09.2019 (1) Reappointed 16.09.2023 (2)	16.09.2027	Staff Member	Resources	Education, sport	Corporation: 6/6 Committee: 3/3
	Additional non-committee meeting activities conducted include Governors' Strategy Days, and senior staff meetings.					

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Jackie Goodey	05.10.2023	While an FC student	Student Member	Quality, Teaching and Learning	Student	Corporation: 2/5 Committee: 1/4
Additional non-committee meeting activities conducted include attendance at Governors’ Strategy Days and meetings with the Principal in relation to the student Governor role.						
Geoff Hirst	26.09.2002 Reappointed 26.09.2006 Reappointed 26.09.2010 Reappointed 26.09.2014 (1) Reappointed 26.09.18 (2) Reappointed 26.09.2022 Resigned 17.07.2024	26.09.2026	Independent Member	Audit; Search; Remuneration	HR Consultant	Corporation: 5/6 Audit Committee: 3/3 Other Committees: 3/3
Additional non-committee meeting activities conducted include Governors’ Strategy Days, meetings with the Adult Learning team, performance-related meetings, Chairs’ Group meetings, Academisation Sub-Group meetings, cross-College and curriculum SAR/QIP validation meetings, cross-College peer review meetings, senior manager recruitment shortlisting meeting, meetings with the Ofsted inspector, Ofsted outcome event, Centre for Professional Development events, and Governors’ Curriculum Links Day.						

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Sabine Holmes	14.12.2016 (1)	14.12.2024	Independent Member	Audit	Employment and skills training	Corporation: 5/6
	Reappointed 14.12.2020 (2)					Audit Committee: 3/3 Other Committees: 6/7
Additional non-committee meeting activities conducted include Governors' Strategy Days, launch events, student productions, performance-related meetings, Chairs' Group meetings, Academisation Sub-Group meetings, Careers and Employability networking meeting, meetings with the Ofsted inspector, Ofsted outcome event, Governors' Curriculum Links Day, senior staff meetings, senior manager recruitment shortlisting and interview meetings, Progression Evening, member of an Appeals Committee hearing, and cross-College and curriculum SAR/QIP validation meetings.						
Louise Jones	12.10.2022	While a parent of a FC student	Parent Member	Audit	Further Education, performance, information systems	Corporation: 4/6
						Audit Committee: 2/3
Additional non-committee meeting activities conducted include attendance at Governor Strategy Days, Governors' Curriculum Links Day, cross-College and curriculum SAR/QIP validation meetings and meetings with the MIS team.						
Greg Marsden	14.07.2015 (1)	14.07.2027	Independent Member	Resources; Quality, Teaching and Learning; Search; Remuneration	Retired Executive Head Teacher, community leader	Corporation: 6/6
	Reappointed 14.07.2019 (2) Reappointed 14.07.2023					Committee: 9/10
Additional non-committee meeting activities conducted include attendance at Governors' Strategy Days, Governors' Curriculum Links Day, Equality, Diversity and Inclusion Link Governor duties and visits, meetings regarding curriculum link to Adult Education and Level 2 learning, Chairs' Group meetings, Academisation Sub-Group meetings, Governors' Curriculum Links Day, meetings with the Ofsted inspector, Ofsted outcome event, senior manager recruitment shortlisting meeting, tender evaluation panel meeting, Stand Out Student Awards, and SAR/QIP validation meetings.						

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Mark Midgley	15.12.2020 (1) Resigned 09.07.2024	15.12.2024	Independent Member	Audit	Secondary education, head teacher, senior management	Corporation: 2/4 Audit Committee: 1/3
Additional non-committee meeting activities conducted include Governors' Strategy Days, member of an Appeals Committee hearing and structure-related meetings.						
Katie Milner	12.10.2022 (1)	12.10.2026	Independent Member	Quality, Teaching and Learning	Dentistry, own business owner	Corporation: 3/6 Committee: 3/4
Additional non-committee meeting activities conducted include a Governors' Strategy Day and link visit to the Health and Social Care team.						
Tasnim Munshi	01.09.2022 (1)	01.09.2026	Independent Member		Higher Education, senior management	Corporation: 1/6
Claire Parfremont	06.11.2023	While a parent of a FC student	Parent Member	Resources	Children's social services, youth offending, safeguarding	Corporation: 5/5 Committee: 2/2
Additional non-committee meeting activities conducted include Governors' Strategy Days, SEND Link Governor duties and visits, senior manager recruitment interview meeting, Stand Out Student Awards, cross-College and curriculum SAR/QIP validation meetings, Governors' Curriculum Links Day						
Principal		While the FC Principal	Principal	Resources; Search; Quality, Teaching and Learning	Education	Corporation: 6/6 Committee: 9/9
Karen Stanton	06.11.2023 Resigned 17.07.2024	06.11.2027	Independent Member	Audit	Higher education, research, senior leadership, international development	Corporation: 1/5 Audit Committee: 1/2

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Catherine Stephens	07.10.2014 (1)	07.10.2026	Staff Member	Resources	Sport, education, marketing	Corporation: 4/6
	Reappointed 07.10.2018 (2)					Committee: 1/3
Reappointed 07.10.2022						
Additional non-committee meeting activities conducted include attendance at Governors' Strategy Days and senior staff meetings.						
Jerry Woolner	12.11.2015 (1)	12.11.2027	Independent Member	Resources; Quality, Teaching and Learning; Search; Remuneration	Management and education consultancy	Corporation: 5/6
	Reappointed 12.11.2019 (2)					Committee: 9/10
Reappointed 12.11.2023						
Additional non-committee meeting activities conducted include Governors' Strategy Days, Safeguarding Link Governor duties and visits, Careers and Employability Link Governor duties and visits, Health, Safety, Health, Safety, Welfare and Wellbeing Link Governor duties and visits, Chairs' Group meetings, Academisation Sub-Group meetings, meetings with the Ofsted inspector, Ofsted outcome event, senior manager recruitment interview meeting, tender evaluation panel meeting, cross-College SAR/QIP validation meetings, Governors' Curriculum Links Day, Standout Student Awards, senior staff meetings, and SFCA meetings.						

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

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

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

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

Franklin Sixth Form College
Chelmsford Avenue
Grimsby, DN34 5BY

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Corporation (continued)

Corporation minutes are also made available on the College Website.

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

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Appointments to the Corporation

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

In July 2014, the Corporation agreed that, in accordance with good practice, Governors should not serve more than two terms of office. However, to ensure the continuance of an effective balance of skills and experience within the governing body, it was decided that this stipulation should be introduced incrementally, with the two terms provision applying to each existing governor from the date when their present term of office expired and their reappointment considered. However, in this year, extensions to the two term stipulation have been granted, given the difficulty in attracting new governors with the appropriate skills sets and the College being in an important place in its development with major projects having been initiated, to disrupt the continuity of the work of the Corporation, the need for experienced Governor involvement to bring the projects to a satisfactory conclusion was paramount.

Corporation Performance

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Corporation Performance (continued)

Regarding performance, Governors demonstrate a strong commitment to the College and to its vision, mission, values and culture. They are required to complete a self-assessment questionnaire annually which addresses both the effectiveness of the Corporation and each Governor's own personal effectiveness. In 2023/24, evaluation of the questionnaires indicated that Governors were either satisfied or extremely satisfied that they were working effectively as a Corporation. To continue achieving the positive results which the evaluation identified, Governors have expressed their determination to improve their own individual and collective impact and outcomes on a continuing basis. Corporation performance is also regularly reviewed against KPIs agreed and monitored by Governors.

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

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

Remuneration Committee

Throughout the year ending 31 July 2024, the College's Remuneration Committee comprised the Chair of Corporation, Vice Chair of Corporation and the Chairs of the Resources, Audit, and Quality, Teaching and Learning Committees and one other Governor. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2024 are set out in note 7.

Audit Committee

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Statement from the Audit Committee

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

The specific areas of work undertaken by the Audit Committee in 2023/24 and up to the date of the approval of the financial statements are those areas of the College's functions which could present either a financial risk, an operations and people risk and/or a reputational risk. The Audit Committee has monitored and considered the risk reviews carried out by the appropriate committees, given an opinion as to its assurance, and reported those outcomes to the Corporation.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Agreements between the College and its funding body. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Franklin Sixth Form College for the year ended 31 July 2024 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

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

The College has not appointed an internal audit service for the year ended 31 July 2024. For that year the College leadership and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

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

- Funder assurance and validation reports from the ESFA
- Independent quality and audit reports for specific areas of operations including JCQ Examinations audit, BTEC QRD/CTEC and A Level awarding body reports and Local Safeguarding Children's Board audits
- Skills focussed pilot Inspection visit from Ofsted
- An external review of governance in line with funder agreement requirements

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

Review of effectiveness

In the opinion of the Audit Committee, no significant internal control weaknesses or failures have arisen within the College. The College's risk management processes have continued throughout the 2023/24 year and the effectiveness of risk reviews remains strong.

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

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**Review of effectiveness (continued)**

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

The Accounting Officer and the College Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal, the College Leadership Team and the Audit Committee also receive regular reports and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from The College Leadership Team and the Audit Committee.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee.

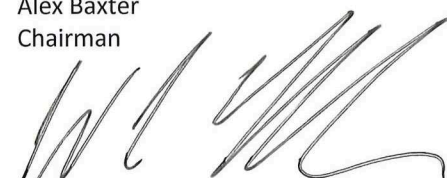
The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting on 19 November 2024, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from The College Leadership Team and board assurance reports and taking account of events since 31 July 2024.

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

Approved by order of the members of the Corporation on 17 December 2024 and signed on its behalf by:



Alex Baxter
Chairman



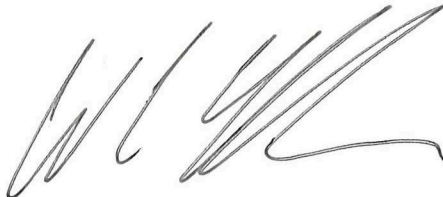
Wendy Ellis
Accounting Officer

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

As Accounting Officer, I confirm that the Corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of the college's accountability agreement, funding agreements and contracts with ESFA and DfE, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and term and conditions of funding.

I confirm on behalf of the Corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding, under the college's accountability agreement, funding agreements and contracts with ESFA and DfE, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and the ESFA's bite size guides.

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



Wendy Ellis

Accounting Officer

2024

Statement of the Chair of Governors

On behalf of the Corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.



Alex Baxter

Chairman

17 Dec 2024

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the college's accountability agreement, funding agreements and contracts with ESFA and DfE and any other relevant funding bodies, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice -Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

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

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA, DfE and other public bodies are not put at risk.

Approved by order of the members of the corporation on 17th December 2024 and signed on its behalf by:



Chair of governors

Alex Baxter
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF FRANKLIN COLLEGE

Opinion

We have audited the financial statements of Franklin Sixth Form College (the "College") for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Reserves, Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the College Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2024 and of its incoming resources and application of resources, including 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 College Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

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.

Material uncertainty relating to going concern

We draw attention to the 'Going concern' section of the Report of the Governing Body and the 'Going concern' accounting policy in the financial statements, which indicate that the College is investigating converting to an academy trust within 12 months from the date of this report. This brings the going concern status of the Corporation into question and it is currently difficult to say with any certainty the period for which the Corporation will continue operating in its current form. Our opinion is not qualified in respect of this matter.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

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

Other information (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2023 to 2024 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation of Franklin College

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 34, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

The extent to which the audit was considered capable of detecting irregularities, including fraud

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 focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including FRS 102, Further and Higher Education SORP 2019, College Accounts Direction 2023 to 2024 data protection, anti-bribery, employment, environmental and health and safety legislation. An understanding of these laws and regulations and the extent of compliance was obtained through discussion with management and inspecting legal and regulatory correspondence as necessary.

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 and considering the internal controls in place to mitigate the risks of fraud and non-compliance with laws and regulations.

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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 meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, and relevant regulators.

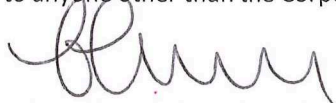
Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instance of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 6 September 2023. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.



Luke Taylor BSc (Hons) FCA (Senior Statutory Auditor)

For and on behalf of

Smailes Goldie

Chartered Accountants

Regent's Court

Princess Street

Hull

HU2 8BA

17 December 2024

Note:

The maintenance and integrity of the College website is the responsibility of the Corporation; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2024

	Notes	2024 £'000	2023 £'000
INCOME			
Funding body grants	3	10,298	9,181
Tuition fees and education contracts	4	-	-
Other income	5	975	883
Investment income	6	6	14
Total income		<u>11,279</u>	<u>10,078</u>
EXPENDITURE			
Staff costs	7	7,384	6,846
Other operating expenses	8	2,778	2,491
Depreciation	11	735	528
Interest and other finance costs	9	4	0
Total expenditure		<u>10,901</u>	<u>9,865</u>
(Deficit) / Surplus before other gains and losses		<u>378</u>	<u>213</u>
Loss on disposal of assets		-	-
(Deficit) / Surplus before tax		<u>378</u>	<u>213</u>
Taxation	10	-	-
(Deficit) / Surplus for the year			<u>213</u>
Re-measurement of net defined benefit pension liability	17	(140)	(1,839)
Other comprehensive income for the year		<u>238</u>	<u>(1,626)</u>
Total comprehensive Income for the year		<u>238</u>	<u>(1,626)</u>
Total comprehensive Income for the year attributable to Corporation of the College		<u>238</u>	<u>(1,626)</u>

BALANCE SHEET AS AT 31 JULY 2024


	Notes	2024 £'000	2023 £'000
Fixed assets			
Tangible assets	11	12,542	11,568
Investments	12	-	-
		<u>12,542</u>	<u>11,568</u>
Current Assets			
Debtors		186	227
Cash at bank and in hand		1,273	1,165
		<u>1,459</u>	<u>1,392</u>
Current liabilities			
Creditors – amounts falling due within one year	14	(1,892)	(1,739)
Net current assets		<u>(433)</u>	<u>(347)</u>
Total assets less current liabilities		<u>12,109</u>	<u>11,221</u>
Creditors – amounts falling due after more than one year	15	(4,748)	(4,081)
Provisions for liabilities			
Defined benefit pension scheme		-	-
Other provisions	16	(59)	(76)
Total net assets		<u>7,302</u>	<u>7,064</u>
Unrestricted Reserves			
Income and expenditure reserve		6,338	6,052
Revaluation reserve		964	1,012
Attributable to the College Corporation and total unrestricted reserves		<u>7,302</u>	<u>7,064</u>

The financial statements on pages 36 to 60 were approved and authorised for issue by the Corporation on 17 December 2024 and were signed on its behalf on that date by:



Alex Baxter

Chair



Wendy Ellis

Accounting Officer

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2024

	Attributable to College Corporation		Total
	Income and expenditure reserve	Revaluation reserve	
	£'000	£'000	
Balance at 31 July 2022	7,630	1,060	8,690
Surplus for the year	213	-	213
Other comprehensive income	(1,839)	-	(1,839)
Transfers between revaluation and income and expenditure reserves	48	(48)	-
Total comprehensive income for the year	(1,578)	(48)	(1,626)
	6,052	1,012	7,064
Balance at 31 July 2023	6,052	1,012	7,064
Surplus for the year	378	-	378
Other comprehensive income	(140)	-	(140)
Transfers between revaluation and income and expenditure reserves	48	(48)	-
Total comprehensive income for the year	286	(48)	238
Balance at July 2024	6,338	964	7,302

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2024

	Notes	2024 £'000	2023 £'000
Operating activities			
Cash generated from operations	20	1,634	1,143
Taxation paid			-
Net cash from operating activities		<u>1,634</u>	<u>1,143</u>
Investing activities			
Investment income		6	14
Purchase of tangible fixed assets		(1,709)	(3,014)
Disposal of tangible fixed asset			-
		<u>(1,703)</u>	<u>(3,000)</u>
Financing activities			
Interest paid		(4)	-
Cash received from ESFA Loan		181	-
		<u>177</u>	<u>-</u>
Increase / (Decrease) in cash and cash equivalents in the year		<u>108</u>	<u>(1,857)</u>
Cash and cash equivalents at beginning of the year		<u>1,165</u>	<u>3,022</u>
Cash and cash equivalents at end of the year		<u>1,273</u>	<u>1,165</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

Franklin Sixth Form College is a Corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 25. The nature of the College's operations is set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (F & HE SORP 2019), the College Accounts Direction for 2023 to 2024 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

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

Going concern

In the opinion of the Accounting Officer and Corporation, supported by the 2023-2026 finance plan submitted to the ESFA, the College remains a going concern.

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

The latest three year financial plan including a cash flow forecast prepared by the College covers the period 2023-2026. This shows that the College expects to maintain a healthy financial position over the period of the plan.

The college is not expected to change its status within the next financial year. The governors remain committed to exploring alternative legal statuses including retaining its incorporated status whilst considering academisation options. The college submitted a single academy application in March 2024, however no decision has been received from Department for Education regional team at the time of writing this evaluation. Alongside exploring academisation options the college continues to work collaboratively with other post 16 education providers.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Recognition of income

Grants – government and non-government

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

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

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

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

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

Other income

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Retirement benefits

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

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Fixed asset investments

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

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

Tangible fixed assets

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

Land and buildings

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Equipment

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

Depreciation and residual values

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

- Freehold buildings – 20 to 40 years
- Motor vehicles – 5 years
- Furniture, fixtures and fittings – 5 – 10 years
- Computer hardware – 5 years
- Computer software – 5 years
- Website software – 3 years

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

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

Impairments of fixed assets

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

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

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

Finance leased assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Leased assets (continued)

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

Operating leases

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

Cash and cash equivalents

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

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

Financial Instruments

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

Financial assets and liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

Taxation

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

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

Provisions and contingent liabilities

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

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be reliably measured.

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

Agency arrangements

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Critical accounting judgements and estimation uncertainty

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

Critical areas of judgement

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

- Determined whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Critical accounting estimates and assumptions

- Tangible fixed assets

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

- Impairment of fixed assets

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

- East Riding Pension Fund

The present value of the East Riding Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There has been a change to the recognition of the LGPS asset due to changes on which the accounting estimate is based.

The value of the pension scheme asset to recognise in the financial statements has been determined by following the prevailing view of LGPS practitioners which assumes that a minimum funding requirement exists in the LGPS for contributions relating to future service. As the present value of future contributions in relation to future service over the future period is greater than the present value of future service costs over the future period, an asset ceiling of £0 is applied.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. Funding body grants**

	2024	2023
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency (Adult Education)	410	393
Education and Skills Funding Agency (Apprenticeship income)		
Education and Skills Funding Agency (16-19 Provision)	8,972	8,074
Specific grants		
Teacher Pension Scheme contribution grant	306	243
16-19 High Value Course Premium	145	159
Maths Premium	13	0
16-19 Tuition Fund	118	100
High Value Course	23	4
Releases of government capital grants	311	208
Total	<u>10,298</u>	<u>9,181</u>

4. Tuition fees

	2024	2023
	£'000	£'000
Tuition fees	-	-
Total	<u>-</u>	<u>-</u>

5. Other income

	2024	2023
	£'000	£'000
Catering	606	485
Other income generating activities	11	9
Miscellaneous income	354	323
Pension Income	3	65
Total	<u>975</u>	<u>883</u>

6. Investment income

	2024	2023
	£'000	£'000
Other interest receivable	6	14
Total	<u>6</u>	<u>14</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Staff costs and key management personnel remuneration

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

	2024	2023
	No.	No.
Teaching staff - FTE	73	72
Non-teaching staff - FTE	82	69
	<u>155</u>	<u>141</u>

The number of staff employed by the College in 2023/24 were 82 teaching staff and 107 non-teaching staff.

Staff costs for the above persons were:

	2024	2023
	£'000	£'000
Wages and salaries	5,754	5,267
Social security costs	548	496
Other pension costs	1,082	1,083
Payroll sub-total	7,384	6,846
Restructuring costs - Contractual	-	-
- Non Contractual	-	-
Total staff costs	<u>7,384</u>	<u>6,846</u>

There were no staff restructuring costs incurred in the period.

Key management personnel

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

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. Staff costs and key management personnel remuneration (continued)**

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

	Key management personnel		Other staff	
	2024	2023	2024	2023
	No.	No.	No.	No.
£55,001 to £60,000 p.a.	1	1	-	-
£60,001 to £65,000 p.a.	-	3	-	-
£65,001 to £70,000 p.a.	2	-	-	-
£70,001 to £75,000 p.a.	2	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	-	1	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	-	-	-	-
£100,001 to £105,000 p.a.	1	-	-	-
£105,001 to £110,000 p.a.	-	-	-	-
£110,001 to £115,000 p.a.	-	-	-	-
£115,001 to £120,000 p.a.	-	-	-	-
£120,001 to £125,000 p.a.	-	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 6 members of key management personnel were paid in the £55,001 to £130,000 banding in 2024 (2023:6).

Key management personnel is made up as follows:

	2024	2023
	£'000	£'000
Salaries	440	462
Benefits in kind	4	6
National Insurance	54	58
	<u>498</u>	<u>526</u>
Pension contributions	110	109
Total emoluments	<u>608</u>	<u>635</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The governing body adopted AoC's Senior Staff Remuneration Code in September 2020 after considering the Code's principals at the Remuneration Committee in October 2020 and the Corporation meeting in July 2022. Throughout 2023/24 the governing body applied the Code's principals.

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

The above emoluments include amounts payable to the Accounting Officer and the highest paid of key management personnel of:

	Highest paid member of key personnel 2024	Accounting Officer 2024	Accounting Officer 2023
	£,000	£,000	£,000
Salaries	100	72	137
	100	72	137
Pension Contributions	24	18	31
	124	90	168
Total			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. Staff costs and key management personnel remuneration (continued)****Compensation for loss of office paid to former key management personnel**

	2024	2023
	£	£
Compensation paid to former post-holder - contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
Total	<u>-</u>	<u>-</u>

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

The remuneration of the Accounting Officer for 2023-24 was determined on 12 November 2023 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2024 included: the objectives that had been set, all of which were achieved; the success in performance of the College, most notably the improved academic achievements of students and the increase in student recruitment and the use of sector salary benchmark data (SFCA Workforce Survey 2018).

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

The relationship between the Accounting Officer's emoluments (or those of the highest-paid member of key management personnel, if this is not the accounting officer), expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration. This year we have used the highest paid member of key management personal.

	2024	2023
	No.	No.
Basic salary as a multiple of median basic salary of staff	3.47:1	4.97:1
Total remuneration as a multiple of median total remuneration of staff	4.32:1	5.12:1

Calculations do not include sessional workers on flexible working hours.

Governors' remuneration

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

The total expenses paid to or on behalf of the Governors during the year was £nil; (2023 £nil). Any amounts paid would represent travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Other operating expenses		
	2024	2023
	£'000	£'000
Teaching costs	1,132	1,096
Non teaching costs	1,211	1,008
Premises costs	435	387
	<u>2,778</u>	<u>2,491</u>
	2024	2023
	£'000	£'000
Deficit before taxation is stated after charging		
Auditors' remuneration:		
Financial statements audit	25	20
Other services provided by financial statements auditors:		
Audit related assurance services – regularity	5	5
Other assurance services		
Operating lease rentals	30	30
9. Interest payable and other finance costs		
	2024	2023
	£'000	£'000
Interest on Finance lease	-	-
Interest on ESFA Loan	4	-
Net interest on defined pension liability (note 17)	-	-
Total	<u>4</u>	<u>-</u>

10. Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Tangible fixed assets

	Freehold land and buildings £'000	Equipment £'000	Under Construction £'000	Total £'000
Cost or valuation				
At 1 August 2023	16,391	3,800	321	20,512
Additions	473	1,105	130	1,709
Disposals				
At 31 July 2024	<u>16,864</u>	<u>4,905</u>	<u>451</u>	<u>22,220</u>
Depreciation				
At 1 August 2023	5,900	3,044	-	8,944
Disposals				
Charge for year	406	330	-	736
At 31 July 2024	<u>6,306</u>	<u>3,374</u>	<u>-</u>	<u>9,680</u>
Carrying amount at 31 July 2024	<u>10,558</u>	<u>1,532</u>	<u>451</u>	<u>12,541</u>
Carrying amount at 31 July 2023	<u>10,491</u>	<u>756</u>	<u>321</u>	<u>11,568</u>

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

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

	£'000
Cost	-
Aggregate depreciation based on cost	-
Carrying amount based on cost	<u>-</u>

12. Investments

	2024 £	2023 £
Investments in subsidiary company	<u>2</u>	<u>2</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**13. Debtors**

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	4	40
Prepayments and accrued income	182	189
Total	<u>186</u>	<u>229</u>

14. Creditors - amounts falling due within one year:

	2024	2023
	£'000	£'000
Trade creditors	461	356
Other taxation and social security	130	125
Other creditors	546	471
Accruals and deferred income	88	73
Government grants – capital	395	250
Government grants – revenue	176	464
Loan amount due	96	-
Total	<u>1,892</u>	<u>1,739</u>

15. Creditors - amounts falling due after one year

	2024	2023
	£'000	£'000
Loan	85	-
Government capital grants	4,663	4,081
Total	<u>4,748</u>	<u>4,081</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**16. Provisions for liabilities**

	Enhanced Pension £'000
At 1 August 2023	76
Amounts utilised	(8)
Changes in Period charged to Statement of Comprehensive Income	(9)
At 31 July 2024	59

The enhanced pension provision includes £25,594 in respect of former senior post-holders.

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2024	2023
Price inflation	2.8%	2.8%
Discount rate	5.0%	5.0%

17. Retirement benefits

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the East Riding Pension Fund (ERPF) for non-teaching staff, which is managed by East Riding of Yorkshire Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

	2024 £'000	2023 £'000
Total pension cost for year		
Teachers' Pension Scheme: contributions paid	746	675
East Riding Pension Fund		
Contributions paid	483	397
FRS 102 (28) charge	136	9
Charge to the Statement of Comprehensive income	346	406
Enhanced pension charge to Statement of Comprehensive Income		
Other pension costs	(9)	4
Total pension cost for year within staff costs	1,082	1,083

Contributions amounting to £146,724 (2023 £118,488) were payable to the scheme at 31 July and are included within creditors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Retirement benefits (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 are able to opt out of the TPS.

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

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

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

Valuation of the Teachers' Pension Scheme

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023.

The valuation was published on 26 October 2023. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently in payment and the estimated cost of future benefits) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222.2 billion
- Notional past service deficit of £39.8 billion
- Discount rate of 1.7% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from 1 April 2024 onwards (compared to 23.68% during 2023/24).

DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2024-25 academic year.

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

The pension costs paid to TPS in the year amounted to £764,000 (2023: £675,000).

The next valuation result is due to be implemented from 1 April 2024.

East Riding Pension Fund

The East Riding Pension Fund is a funded defined-benefit plan, with the assets held in separate funds administered by East Riding Local Authority. The total contributions made for the year ended 31 July 2024 were £607,000, of which employer's contributions totalled £483,000 and employees' contributions totalled £124,000. The agreed

contribution rates for future years are 17.3% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Retirement benefits (continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 by a Hymans Robertson

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	2.75%	3.00%
Discount rate	5.00%	5.05%
Inflation assumption (CPI)	2.75%	3.00%
Commutation of pensions to lump sums	65%	65%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2024 Years	At 31 July 2023 Years
<i>Retiring today</i>		
Males	20.5	21.1
Females	23.5	24.0
<i>Retiring in 20 years</i>		
Males	21.2	21.9
Females	25.0	25.5

The College's share of the assets in the plan at the balance sheet date were:

	Fair value at 31 July 2024 £'000	Fair value at 31 July 2023 £'000
Equity instruments	8,716	7,451
Debt instruments	1,885	1,759
Property	942	931
Cash	236	207
	<u>11,779</u>	<u>10,349</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Retirement benefits (continued)

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2024	2023
	£'000	£'000
Fair value of plan assets	11,779	10,349
Present value of plan liabilities	(8,648)	(8,103)
Present value of unfunded liabilities	(9)	(9)
Asset Ceiling Adjustment	(3,122)	(2,237)
Net pensions surplus/(liability)	-	-

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

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	(339)	(401)
Net interest on the net defined benefit pension liability	3	65
Total	(336)	(336)

Amount recognised in Other Comprehensive Income:

Re-measurements of net defined benefit pension liability	(140)	(1,839)
Amount recognised in Other Comprehensive Income	(140)	(1,839)

	2024	2023
	£'000	£'000

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	8,112	8,680
Current service cost	339	401
Interest cost	416	322
Contributions by scheme participants	124	102
Actuarial gains / (losses)	(113)	(1,209)
Benefits paid	(221)	(184)
Defined benefit obligations at end of period	8,657	8,112

	2024	2023
	£'000	£'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	10,349	10,463
Interest income	532	387
Return on plan assets (excluding net interest on the net defined benefit liability)	519	(192)
Other experience	0	(619)
Employer contributions	475	391
Contributions by scheme participants	124	102

Benefits paid	(220)	(183)
Fair value of plan assets at end of period	<u>11,779</u>	<u>10,349</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**17. Retirement benefits (continued)**

The actual return on plan assets was £195 (2023: £394).

18. Amounts disbursed as agent learner support funds

	2024 £'000	2023 £'000
Opening Balance as at 1 st August	280	-
Funding body grants – bursary support	298	273
Funding body grants – discretionary learner support		
Funding body grants – free school meals	87	120
	<u>385</u>	<u>393</u>
Disbursed to students	(434)	(308)
Administration costs	(20)	(20)
Balance unspent as at 31 July, included in creditors	<u>211</u>	<u>280</u>

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

19. Financial commitments – commitments under operating leases

At 31 July the College had total future minimum lease payments under non-cancellable operating leases as follows:

	2024 £'000	2023 £'000
Payments due:		
Not later than one year	8	30
Later than one year and not later than five years	-	8
Total lease payments due	<u>8</u>	<u>38</u>

20. Capital and other commitments

	2024 £'000	2023 £'000
Commitments contracted for at 31 July	<u>2,592</u>	<u>-</u>

The value is the capital commitment of the new Classroom block and Auditorium. Of the above amount Franklin is contracted to fund £250,000 and the remaining balance is being funded through a Loan from the DFE.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
21. (a) Notes to cash flow statement

	2024	2023
	£'000	£'000
Surplus after tax for the year	378	213
Adjustment for:		
Depreciation	735	528
Investment income	(6)	(14)
Pension Interest	(3)	-
Interest Payable	4	(65)
Increase / (decrease) in provisions	(17)	(6)
Pensions costs less contributions payable	(137)	9
Operating cash flow before movements in working capital	576	665
Decrease/(increase) in debtors	41	(57)
Increase in creditors	639	535
Net cash generated from operations	1,634	1,143

22. Related party transactions

Key management compensation disclosure is given in note 7.

There were no transactions with related parties in the current or prior year, and there were no transactions with dormant subsidiaries in the current or prior year.

There were no further related party transactions.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF FRANKLIN COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 6 September 2023 and further to the requirements and conditions of funding in Education & Skills Funding Agency (ESFA)'s grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Franklin College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding, concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

Respective responsibilities of Franklin College and the reporting accountant

The Corporation of Franklin College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Franklin College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice 2023 to 2024. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Post-16 Audit Code of Practice 2023 to 2024 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Ensuring value for money is sought for all goods/services procured by the College, including those procured from related parties of the College;
- Ensuring that fixed asset additions are made in line with the terms of the funding received and that fixed asset disposals are properly authorised by the DfE;

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF FRANKLIN COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY

- Ensuring that expenditure incurred through the College bank account and debit card is appropriate for the purposes of the College and that there has been no personal expenditure from the College funds;
- Ensuring pension contributions are paid to the respective schemes in a timely manner;
- Ensuring returns required by regulatory or funding authorities are completed on a timely basis.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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12 December 2024