

**SELBY COLLEGE**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

Selby College  
FINANCIAL STATEMENTS  
For the year ended 31 July 2016

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**KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS**

**Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Allan Stewart OBE - Principal and CEO; Accounting Officer  
Liz Ridley - Deputy Principal  
Stacey Calvert – Director of Business Services  
Steve Fowler – Director of Curriculum  
Mark Gent – Director of Estates & Facilities  
Dawn Hardy – Director of Curriculum & Support  
Pam Olbison – Director of Finance  
Rob Tansey – Director of Marketing & Learner Services

**Board of Governors**

A full list of Governors is given on page 16 of these financial statements.  
Jeanne Woolford acted as Clerk to the Corporation throughout the period.

**Professional advisers**

**Financial statements auditors and reporting accountants:**

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

**Professional advisers**

<b>Internal Auditor:</b>	East Coast Audit Consortium Crosskill House Mill Lane Beverley HU17 9JB	<b>Bankers:</b>	Lloyds Bank plc 1 <sup>st</sup> Floor, Black Horse House 91 Sandyford Road Newcastle-upon-Tyne NE1 8HQ
<b>Solicitors:</b>	Walker Morris Solicitors 12 King Street LEEDS LS1 2HL		

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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 2016.

### Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Selby College (the College). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### The College Mission

The College's mission as approved by its members in July 2016 is:

To be an outstanding provider of education and training, meeting the needs of employers and our community and supporting our learners to achieve their potential through excellent teaching and learning.

### Public Benefit

Selby College is an exempt charity under Part 3 of the Charities Act 2011 and from 1<sup>st</sup> September 2013, is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the Charity, are disclosed on page 16.

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.

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

- High quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

Selby College is committed to adding value and enriching the social, economic and physical well-being of the community we serve.

We understand the large significance of the services we provide to individuals, businesses and groups, and this shapes everything we do. We recognise the importance of individual excellence and personal accountability. We embrace diversity, curiosity, respect and responsibility.

We act with integrity and we collaborate wherever possible, aligning ourselves with others and sharing knowledge and resources to create new opportunities. People are at the very heart of how we organise and utilise our resources. We empower our learners and aim to transform their lives by raising their aspirations and encouraging and supporting them to achieve to their very best. In doing so, we provide a catalyst for sustainable economic growth and prosperity.

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

### Implementation of strategic plan

### The College Vision

To be the College of first choice for individuals and organisations within the area we serve, as one of England's top performing colleges.

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**REPORT OF THE GOVERNING BODY (CONTINUED)**

**Key Strategic Aims:**

1. Remain an Outstanding College
2. Exemplary management of the College's finances
3. Grow and diversify the College's business
4. Maintain positive employer/staff relations

**Nature, objectives and strategies**

The strategic aims will be met through the following strategic objectives:

- To enable learners to fulfil their potential through outstanding teaching, learning, assessment and support
- To provide high quality, flexible and responsive courses that increase the participation of young people and enables them to progress to high quality destinations
- To provide high quality, flexible and responsive apprenticeship and adult provision that meets the needs of local and regional employers, communities and other stakeholders such as the LEPs
- To continue to deliver and further develop a high quality, accessible and demand driven higher education offer, including higher apprenticeships
- To sustain and promote the collaborative work of Selby College in York, North Yorkshire, East Riding and the wider Yorkshire Region
- To attract and retain the best people, training and developing them so they can rise to new challenges
- To further develop the College's estate and learning facilities to meet customer needs
- To maintain the Financial Health of the College to enable it to meet the needs of individuals and organisations in the communities we serve

The College received an excellent Ofsted Inspection Report in October 2007 with all areas achieving Grade 1 Outstanding. Since then the College has maintained its position in the top 10% of success rate performance nationally and 2015/16 will see the continuation of high levels of student retention and achievement, significantly above national rates. Teaching, learning and assessment continued to be a key focus, with a very high percentage of lesson observations meeting the college expected standard which is set at a minimum of equivalent to good.

During the year the College accessed funding from a capital bid York, North Yorkshire and East Riding Local Enterprise Partnership for specialist equipment to further develop engineering and construction. The College also successfully negotiated a bid with Leeds City Region for an expansion to the Aspiration Building to expand construction facilities which will be completed in time for the new students in September 2017. These bids are augmenting a 10-year project of estate renewal which has provided the College with a stunning campus and top-class resources for learning.

The College curriculum was fairly stable with the majority of curriculum changes due to qualification reform such as the linear A levels and changes to BTEC. Then on-going partnership with Doncaster Rovers Education Foundation enabled the College to continue to enhance its provision for those at risk of becoming NEET. Whilst the relationship with Hull Tigers Trust drew to an appropriate close. Higher Education saw further planned growth and in 2015/16 enrolments increased by 18%, with particular demand from local employers for our revised part-time engineering offer. Apprenticeships continued to grow for both 16-18 year olds and 19+.

In the context of government policy changes, demand from local schools for 14-16 partnership activity continued to remain low, although the College continued to offer places in a number of subjects as well as bespoke solutions for individual pupils.

**Corporate Values**

- Commitment to improving the skills of our local and regional communities and employers
- Pride in our learners, our college and our excellent reputation
- Outstanding teaching, learning and assessment
- Focus on excellence and continuous improvement
- Enterprising approach
- Inspiring our learners and raising their aspirations by providing a safe and supportive environment that enables them to grow in confidence, esteem, motivation and aptitude
- Maintaining a safe, friendly and welcoming atmosphere
- Culture of collaboration and teamwork, with staff who 'go the extra mile' to support our learners
- Making Selby a great place to live and learn through our commitment to the wider community
- Financial strength of the College and the imperative to protect it

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**REPORT OF THE GOVERNING BODY (CONTINUED)**

**The College's specific financial objectives for 2015/2016 included:**

- Ensure all areas of college take responsibility for contributing positively to college overheads and costs
- Seek to increase and maximise all income sources
- Maintain excellent value for money in all college services
- Ensure robust financial controls by stringent risk management.

All objectives have been achieved.

**The financial objectives for 2015/16 to ensure financial viability include:**

- Protect the annual surplus (Achieve a balanced budget in each of the next three years and invest in the property strategy to promote diversification and growth)
- Increase income and diversify income sources
- Ensure robust financial controls and stringent risk management and maintain a sound financial base (solvency and liquidity)
- Seek to increase value for money in procurement and back office functions.

**Performance indicators**

2015/16 was another successful year for the college. In the National Achievement Rate tables published in April 2016 and based on 2014/15 data, for our key elements of delivery 16-18, 19+, and apprenticeships the College has improved its overall position to move further up the rankings. It also improved its relative position against the provider group in the Qualification Achievement Reports for the three key measures of 16-18, 19+ and Apprenticeships.

The College performed substantially above the new Minimum Standards thresholds both for apprenticeship and for adult provision and met the condition of funding for 16-18 year olds at 100%.

Internally, the College sets challenging KPIs for retention, achievement, attendance, punctuality, success, value added, progression, teaching and learning and learner satisfaction. Performance against these KPIs was generally positive: learner, punctuality, behaviour and outcomes were very good, though stretching retention and value added targets were missed. Teaching and learning was outstanding, with particularly strong performance in the volume of lesson observations above standards and support for students. Learner satisfaction scores were in line with those of previous years, with the second survey typically showing lower levels of satisfaction than the first. The FE Choices score for learner satisfaction was very good and placed the College 11<sup>th</sup> Nationally within the sector.

The College has once again demonstrated the impact on learners lives by coming second in the Skills Funding Agency Outcome Based Success Measure for learners progressing to sustained jobs and education. The College was also highly delighted to come first naturally in the same measure for moving unemployed adults into sustained employment with 71% of our learners sustaining employment. This once again demonstrates the significant impact the college is having in not only delivery high quality teaching and qualifications, but this is matched by the progress that learners make in their futures in either education or employment.

The College was also delighted to be announced as coming 2nd in the national league table of colleges published in FE Week on 17th November. This balanced score card approach looked at a range of measures including Learner Satisfaction, Employer Satisfaction, Sustained Job Outcomes and Apprenticeship Success to determine the top performers in the country. With high performance across all categories the College was delighted to be placed second in the Country and top in Yorkshire and Humber.

The College is committed to observing the importance of sector measures and indicators and use the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency ("SFA"). The Finance Record produces a financial health grading of good under the new methodology.

The College has fully achieved against the funding targets for 16-18, 16-18 Apprenticeships, including two growth allocations and fully against 19+ Adult Education, although it did miss the 19+ apprenticeship target due to some employers delaying starts ready for the levy implementation.

**Financial position**

**Financial results**

The College generated an operating surplus in the year of £11,000 (2014/15 – SORP adjusted surplus £119,000).

The College has unrestricted reserves of £5.5 million and cash balances of £890,000.

Tangible fixed asset additions during the year amounted to £621,000. This was split between investment properties acquired of £128,000, equipment purchased of £485,000, and land and buildings additions of £8,000.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the funding bodies provided 81.6% of the College's total income.

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**REPORT OF THE GOVERNING BODY (CONTINUED)**

**Treasury policies and objectives**

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

**Cash flows**

The £45,000 cash inflow from operating activities (2014/15 £488,000) represent a positive and robust inflow. Included within the cash flow statement is a non-cash item in respect of donated assets of £53,000 which has the effect of reducing the real operating cash flow position. Cash on deposit was healthy, however it has fallen slightly due to capital investment undertaken, to invest on the College site and secure the long term financial viability of Selby College.

**Nature, objectives and strategies**

**Liquidity**

The College has a secured loan amounting to £1.7 million outstanding at the year-end in order to help finance the Academy and Renaissance redevelopment replacing a number of old-style buildings.

The size of the College's total borrowing and its approach to interest rates have been calculated to ensure a reasonable cushion between the operating cash flow and total cost of servicing debt. During the year this margin was comfortably exceeded.

**Reserves policy**

Incoming resources have been used during the year for their intended purpose as detailed in the notes of the Financial Statements.

The unrestricted reserves, excluding the FRS102 notional funding deficit on the defined benefit pension plan for non-teaching staff were £5.809m at 31 July 2016 (2015: £5.599m), of which £33.524m (2015: £34.002m) is represented by fixed assets. The unrestricted reserves excluding the FRS102 notional funding deficit have been maintained at well above the required policy level £1.5m.

The Governors also consider that access to liquidity is a priority, and that the College can predict its income levels with a reasonable notice period of change. The Governors have set a minimum level for liquid assets of £1,000,000 (defined as cash at bank and in hand and deposit investments with a maturity of less than one year), equivalent to approximately six weeks' expenditure. Cash days have been maintained at 40 days or more at all times during the financial year to protect against financial risk.

The need for day-to-day working capital is met by careful management of short-term liquid resources.

The Governors consider that free unrestricted reserves of approximately £2,500,000, equivalent to some twelve weeks' expenditure, would be desirable. Although this has been achieved at 31 July 2016, there is a need for continuing investment in the College, and the maintenance of this level of free reserves is likely to remain a long-term objective. In recognition of this, the policy is to create free reserves out of operating surpluses once all bank debt has been repaid, whilst also recognising the need for targeted capital expenditure and sufficient capital funds to provide for both current and future projects.

At 31 July 2016 the total unrestricted reserves, after allowing for the implications of FRS102, were £2.273m (2015: £3.960m). Total unrestricted reserves as shown in the financial statements include a funding deficit of £3.536m (2015: £1.639m) calculated under FRS 102 in respect of the defined benefit pension plan for the College's non-teaching staff. The Governors believe that this funding calculation, which can vary considerably between surplus and deficit according to the assumptions used and market valuations at each period-end, has no material effect on the College's cash flows in the short term, but that, in the longer term, its effects might prove challenging.

The Governors believe that the level of unrestricted reserves is adequate to cover the purposes for which they are intended. The Group's reserves policy is reviewed annually, and the Governors consider it appropriate for the financial statements to be prepared on a going concern basis.

## REPORT OF THE GOVERNING BODY (CONTINUED)

### Student numbers

In 2015/16 reductions in adult funding continued to bite including the very late reduction of 3.9% to DLS and other AEB, resulting in a further reduction in 19+ classroom based and distance learning, although apprenticeship provision once again grew substantially with over 800 apprentices on programme, the highest volume ever achieved by the College. Additional funding was successfully sought in-year to meet 16-18 apprenticeship numbers growth. For 16-18 learners there was a reduction of 20 in overall student numbers although the full-time recruitment target for classroom learning was exceeded by 17. Both A Level and vocational recruitment held up well as part-time activity was converted to full-time in the context of the Study Programme funding model and the raising of the participation age. Part-time 16-18 activity was significantly curtailed in the first half of the year as a result of government policy on English/Maths and was also impacted by a fall in the 16-18 demographic. Higher education was extremely buoyant this year with particularly high recruitment in engineering in response to employer demand. The HE headcount was up 18% to 188.

### Student retention and achievement data

Full-time 16-18 retention fell in 2015/16 to 92.1%, largely as a result of students gaining jobs and apprenticeships, with almost 50% of in year loss due to this reason. Overall Qualification Achievement Rates for 16-18s are 84.9% and increase of 0.7% on the previous year and buoyed by high levels of examination passes at A2 and high achievement rates in GCSE Maths and English. For 19+ Adult Education retention rate increased to 91.9% and the overall Qualification Achievement Rate increased to 86.4% a 0.4% improvement over 2014/15. The timely figure also improved for 15/16, by 2.0% taking it to 84.6%. Higher education retention and achievement remained outstanding at 93% and 98% respectively. Twenty-two subjects out of 25 had 100% achievement at A2. The College is very well placed to maintain its position in the top 10% nationally for 16-18 success rate performance.

Success rates for apprenticeships remained significantly above national averages at 83.5% overall and 68.5% timely. The percentage of A\*-C grades in GCSE mathematics and English remains comfortably above the national rate and in spite of growth in numbers. Functional skills success rates for both 16-18 year olds and 19+ in both Maths and English and remain comfortably above national averages.

### Unparalleled Student Satisfaction

Earlier this year in a national survey of FE colleges, Selby College gained 11<sup>th</sup> place for overall student satisfaction, placing the College considerably higher than all other colleges.

### Curriculum developments

Study programmes continued to be firmly embedded during 2015/16 following extensive curriculum development and staff training, offering very good breadth of provision and much enhanced opportunities for work experience and enterprise. Teaching, learning and assessment of mathematics and English (GCSE and functional skills) were further strengthened through additional specialist staffing and the College met the Education Funding Agency's 'Condition of Funding' in full. The College was awarded DfE funding to develop Core Maths provision at level 3 and successfully established a new two-year programme focused on the needs of engineering students.

In response to national curriculum changes the College remodelled its A Level and BTEC offers, implementing new assessment strategies and delivery models. Considerable work was also undertaken to align performance management to the new accountability measures and revised Qualification Achievement Rate methodology.

The partnerships established in 2012 to deliver programmes for 16-18 year olds who are at risk of becoming NEET continued during 2015/16, enhancing the experience for learners and achieving good results for the majority of students. The partnership with Doncaster Rovers Education Foundation also enabled the College to offer work experience and other enrichment opportunities for college-based students, extend progression routes for disadvantaged learners and initiate a highly successful Traineeship offer. The College is committed to further extending the opportunities in the coming academic year, particularly with Higher Education in Doncaster.



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**REPORT OF THE GOVERNING BODY (CONTINUED)**  
**Curriculum developments (continued)**

Higher Education remains a key part of the College's growth strategy with continued high demand in from local employers for our revised part-time engineering offer. The last year has seen a significant refresh of our HE curriculum as programme have been revised to meet new specifications or changes with University Validating Partners. Further plans to expand the HE curriculum are ongoing with a new Art and Design HNC offer for September 2016 and a plan for a HNC in Construction commencing in 2017. The College was also successful in TEF year 1 and has also got an access agreement in place for new starts in 2017.

The College's long-term partnership with DC Training continued to perform very strongly and the range of apprenticeship frameworks was extended during 2015/16. Substantial growth was again experienced in engineering and health and social care. The College was successful in becoming one of only 9 approved providers for the new Trailblazer Apprenticeship in Food and Drink Engineering Maintenance and will commence delivery in Spring 2017.

The College successfully supported the development of a Multi Academy Trust to respond to the academies agenda. The Selby Educational Trust was established during 2016 to inspire and improve educational opportunities for all young people in the Selby area.

The Trust, provides an opportunity to share our academic excellence and work more closely with local primary and secondary schools in the area, helping grow their performance and deliver a locally derived response to ensuring no matter what catchment area or district pupils live within, they still have access to an Outstanding Selby education.

**Selby College gains National Matrix Accreditation**

The College secured national accreditation for its services to students in April 2016. The Matrix award is a unique national quality standard that provides a benchmark for organisations that support people with career choices, learning and life goals.

The Matrix assessment confirmed the College provides extremely effective information, advice and guidance services to students, gaining recognition for leadership and management, resources, service delivery and continuous quality improvement.

**Physical developments**

The new campus was formally completed in 2011 with further building works during 2013 to develop new workshops for plumbing and electrical and the extension of facilities for construction and welding. To support the introduction of the Study Programmes curriculum the College also significantly enhanced its open access IT facilities within the Learning Resource Centre and breakout areas, and created a new Open Learning Centre. During 2014/15 the College successfully submitted expressions of interest to two Local Enterprise Partnerships for capital funding.

These were both approved in 2015/16 and the small specialist capital equipment project with York, North Yorkshire and East Riding LEP was fully delivered in the academic year 2015/16. The bid to Leeds City Region for the Aspiration Extension was commenced at the end of 2015/16 and will primarily run during 2016/17 to deliver the additional construction and refurbished engineering facilities.

**Going Concern**

A monthly rolling cash flow forecast is produced each week to assess short term cash demands and is used as a tool to determine excess cash held by the College to place on deposit. Given the current position of excess cash held on these fixed term 3 month deposits (standing at £1,000,000 at the year end), management believe the College has sufficient resources to draw upon should this be required. It has not been necessary for the College to call upon bank support for working capital purposes in 2015/16 and it is unlikely to be needed in 2016/17.

Having due regard to best practice developments in the UK Corporate Governance Code 2014, in respect of going concern and risk management reporting, the Corporation considers that the College has adequate resources to continue in operational existence and meet its liabilities for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The College will continue to monitor any changes that may occur as a result the Area Based Reviews and adjust its strategic plan accordingly to maintain its improving financial position. Financial sensitivity modelling will be crucial to informing any strategic decision-making.

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**REPORT OF THE GOVERNING BODY (CONTINUED)**

**Future developments**

Despite failing to reach the 16-18 student number target, due to larger programmes with the inclusion of English and Maths Resits the College slightly exceeded the Education Funding Agency income target (100.2% achieved). With regard to the Skills Funding Agency, the College met its Adult Skills allocation in full and had to seek in-year growth funding of some £31k to support on-going growth in 16-18 apprenticeships, although the 19+ Apprenticeships was not fully achieved. For higher education the College was slightly below its income target due to a higher number of part-time learners than anticipated.

Against this pattern of 16-18 apprenticeship growth, and also the government's aspirations to create 3 million new apprenticeships, apprenticeships at both 16-18 and 19+ continue to represent a growth area for the College and plans are in hand to further develop the higher apprenticeship offer. The College is well placed to take advantage of the new levy system for large employers and has already been selected to contribute to trailblazer delivery in food manufacturing. Classroom learning at 19+ is expected at best to remain static although the College is continuing to make renewed efforts to utilise its 24+ Advanced Learning Loans allocation with a number of level 3 programmes including Access. The new round of European Social Funding should come on stream shortly and the College has already signalled its intention to work with several FE college partners to once again undertake activity within this funding stream. Existing strong links with Jobcentre Plus will be maintained in order to ensure the College continues to contribute to the employability agenda and links with the District Council Economic Development Team have been significantly strengthened to enable early intelligence on new companies coming into the area.

The College will take part in the Area Based Review for York, North Yorkshire, East Riding and Hull as part of wave 4, commencing in October 2016 and with strong performance in finance and quality expects to maintain self-governance.

Pressures continue in relation to 16-18 with a reduced allocation for 2015/16 as a result of the way the lagged funding methodology uses funding band data and pre-16 GCSE English/Maths results, together with a dip in 16-18 recruitment during 2014/15. The Study Programmes agenda continues to place additional costs upon the College, particularly in relation to the delivery of English and mathematics and the provision of work experience opportunities, resulting in the curtailment of some expensive programmes for 2015/16. The College has further developed its 16-18 partnership activity with Doncaster Rovers Education Foundation Club (Doncaster) and for 2016/17 will offer Higher Education in Sport at Doncaster Rovers.

With the closure of Connexions, careers advice in local schools remains a concern and these changes have demonstrably impacted recruitment over the last 3 years, particularly at level 1. The College has liaised extensively with North Yorkshire County Council and East Riding of Yorkshire Council to support the introduction of the Raising of the Participation Age and the transfer of responsibility for learners with LDD to local authority control. However, these agendas remain in development and for 2016/17 the College does not expect large numbers of additional 16-18 SEN learners. The College will continue to work with both local authorities to ensure a high level of responsiveness to local needs and has participated fully in a review in SEND with North Yorkshire County Council.

Growth in full-time higher education will be supported by the College developing additional courses and top ups in both full-time and part-time modes; as well as new programmes in Early Years (Top Up), Social Studies (Hons) and Art and Design (HND). Opportunities exist to further develop and tailor the HNC in Engineering in partnership with key local employers and the College is exploring progression links with Sheffield Hallam University in this regard. The college is also seeking to use its partnership working with employers to develop a wider higher apprenticeship offer.

The College is aligned well to local and regional needs, with a very high proportion of qualification provision meeting LEP priorities in 2015/16. The College Principal is the Chair of the York, North & East Yorkshire LEP Support for the Workforce (Governance) Committee and the local college principals' nominee on both the Skills Employability Board (where he is Vice-Chair) and the European Structural and Investment Funds Committee. He is also the local college principals' representative on the Leeds City Region LEP Skills Network. The College will continue to further develop its relationships with all three local LEPs. The government has signalled significant changes in apprenticeship delivery and funding with the introduction of the levy and the Register for Apprenticeship Training Providers. There is also significant qualification change at 16-18 with changes to GCSE and A level qualifications and assessment, and vocational qualifications together with the introduction of a new Tech Bacc measure. The College will continue to monitor these developments and plan its curriculum accordingly. Further down the line is the potential impact of the Sainsbury Review and the devolution agenda for the Adult Education Budget.

## REPORT OF THE GOVERNING BODY (CONTINUED)

### Future developments (continued)

#### Employer Engagement – A Key Strategic Objective

The College continues to focus on employer engagement as a high priority, both through the Centre for Excellence in engineering (Powerskills) and through its apprenticeship offer. A new brand, Careskills, launched in 2013 to further develop the employer-facing agenda in the health and care sector, will be further extended during 2016/17. The College also identifies the need to train unemployed people to meet both employer and sector workforce gaps. Selby College Business Services has been successful in securing new opportunities (including ESF-funded Skills For the Workforce and SME projects) to develop a range of programmes and increasing capacity to respond to Local Enterprise Partnership priority areas these emerging needs. The College ensures that it promotes this diverse offer in its relationships with new and existing organisations and employers.

#### Staff and student involvement

The College considers good communication with its staff to be very important and to this end publishes a termly newsletter called 'Grapevine' which is available to all staff in electronic and paper-based formats. The Staff Brief provides opportunities for 2-way dialogue to take place and staff are encouraged both individually and collectively to participate fully in discussions about matters which affect their employment. There is a College Staff Consultation Group with Union and staff representatives and Management. The College has a student union body which is consulted on matters which affect them, as well as Student Reps. The Student Union meet regularly with the College Senior Manager and teaching staff representatives to discuss key issues. The Senior Manager feeds back to monthly SMT meetings, issues discussed where a decision or matters need to be discussed by the SMT. Student representatives sit on Health & Safety and Equality & Diversity Committees. The Principal holds regular staff meetings and meets, along with SMT members, new staff as part of Induction. Each member of staff is allocated a line manager who is responsible for day-to-day communications.

#### Events after the end of the reporting period

There are no material post balance sheet events.

#### Resources

The College completed its campus redevelopment with a purpose built Construction shed in 2013. Previous developments included the Innovation Building and the Aspiration Building both sponsored by Doosan Power and a Music Technology Recording Studio funded by North Yorkshire County Council. The college was successful in two LEP bids to improve both resources (YNY&ER LEP) and develop the Aspiration building (LCR LEP). Both contracts were signed in 2015/16. The resources bit was fully completed in 2015/16, but the majority of the Aspiration extension project will take place in 2016/17.

#### Financial

The College has £5.523 million of net assets (including £3.536 million pension liability) and long term debt of £1.539 million (2015: £1.735 million).

#### People

The College employs 204 people (expressed as full time equivalents), of whom 93 are teaching staff.

#### Reputation

The College has an outstanding reputation locally and nationally as a Beacon College being the first College in Yorkshire and the Humber to achieve a complete set of Ofsted Outstanding grades in the November 2007 Ofsted Inspection. In 2013 we achieved a Best Company Award – being amongst the top 100 firms to work for. For the past 10 years the College has consistently been in the top 10% of colleges nationally, an example of this success was again achieved with an overall A level student pass rate of 99%, with 22 out of 25 subjects gaining a 100% pass rate in 2016. For 2015/16 the College was also voted the 11<sup>th</sup> best college in the country by its students in the FE Choices Survey. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

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**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 development plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific actions to 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 Risk Management Group will also consider any newly emerging risks throughout the year including those in any new areas of work being undertaken.

A combined risk register/action plan is maintained at the College level which is regularly monitored and updated, and is 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 College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent grading system.

Significant assurance was provided at Internal Audit in June 2016 that the College continues to operate adequate systems to manage its risks.

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.

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2015 over 90% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which impact on future funding:

- Ongoing public sector funding cuts as part of the government's 'austerity' agenda. FE colleges have had to absorb additional cuts, such as the 17.5% reduction in funding for 18 year old students announced unexpectedly in December 2013 and the 3.9% reduction in adult skills funding announced in July 2015 after budgets for 2015/16 had been approved, and it is possible further such funding cuts may occur
- The introduction of the 24+ Advanced Learning Loan in 2013, which was accompanied by a reduction in funding for level 3 programmes. For 2016/17 the principal of loans funding has been extended to all 19+ level 3 provision, apart from the first L3 entitlement for 19-23 years olds. This change in policy has not been matched by an increase in loans funding and there is concern about the level of loans monies available.
- Funding is static for Community Learning; and whilst the AEB is due to be ring-fenced and remain static the devolution agenda will see a significant reshaping of the allocations process and delivery priorities
- Reductions in higher education funding have been highlighted for 2017 and beyond through changes to the widening participation allocations
- There is significant change in Apprenticeship funding planned from April 2017 with the implementation of the levy and the routing of funding via employers. As of October 2016 providers are still awaiting clarification on these major changes including the Register for Apprenticeship Providers, rules for funding SMEs, clarification of subcontracting to name but a few.
- The tuition fee rate has increased to, and will remain at, 50%
- Demographic and other changes to 16-18 recruitment
- The conclusion of the wave 4 Area Review, which includes the College.

## REPORT OF THE GOVERNING BODY (CONTINUED)

### Principal risks and uncertainties (continued)

These risks are mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Targeting growth in apprenticeships (including trailblazers), traineeships, HE and higher apprenticeships
- The College is working with its three neighbouring LEPs and local and regional industry and organisations, and is developing its Powerskills and Careskills brands specifically to meet employer and community needs
- Partnerships with Doncaster Rovers Education Foundation established in 2012
- The formation of Selby Educational Trust which provided Academy sponsorship opportunities within Selby District as a result of government policy for schools; this presents opportunities for the provision of central services funded through top-slicing
- A new round of European Social Fund monies was tendered in late 2016, presenting funding opportunities for the College through its FE partners.

#### 2. Tuition fee policy

The fee assumption increased to 50% in 2010. In line with the majority of other colleges, Selby College has felt unable to raise adult tuition fees in response as demand is known to be price-elastic and the sector is already operating in a context of much reduced adult learning opportunities. The 24+ Advanced Learning Loan was introduced in 2013/14 and led to a reduction in demand for level 3 courses.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change
- The maintenance of a notional fee for apprenticeships
- Piloting increased numbers of full cost recovery programmes and programmes for the unemployed
- Testing the market for Access to HE annually.

#### 3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

### Stakeholder relationships

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

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/ Regional Development Agencies/LEPs;
- The local community;
- Other FE institutions;
- Schools;
- Partner organisations;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.