

**SELBY COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2015**

Selby College  
FINANCIAL STATEMENTS  
For the year ended 31 July 2015

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## **OPERATING AND FINANCIAL REVIEW**

### **Nature, objectives and strategies**

The members present their report and the audited financial statements for the year ended 31 July 2015.

### **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 the Charities Act 2011.

### **The College Mission**

The College's mission as approved by its members in July 2015 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 Business, Innovation and Skills 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 13.

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.

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.

### **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.

#### **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

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## **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Nature, objectives and strategies (continued)**

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

- Enable learners to fulfil their potential through outstanding teaching, learning and assessment and support
- Provide high quality, flexible and responsive courses that increase the participation of young people
- Provide high quality, flexible and responsive adult provision that meets the needs of local and regional employers, communities and other stakeholders
- Continue to deliver and further develop a high quality, accessible and demand driven higher education offer
- Attract and retain the best people, training and developing them so they can rise to new challenges
- Further develop the College's estate and learning facilities to meet customer needs
- 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 2014/15 saw 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 graded good or outstanding; this was endorsed in February through an Internal College Inspection led by a practising Ofsted inspector.

Workshop facilities in Engineering and Construction were remodelled for 2014/15 to accommodate further growth and specialisation in these subjects. During the year the College submitted capital bids to the Leeds City Region and North Yorkshire Learning and Enterprise Partnerships for an extension to an existing building and investment in new, specialist equipment to further develop the estate. If fully approved, these bids will augment a 9-year project of estate renewal which has provided the College with a stunning campus and top-class resources for learning.

Curriculum provision was further embedded in plumbing and electrical through our partnership with JTL Limited and the College launched its own apprenticeship offer in these subject sectors. Ongoing partnerships with Doncaster Rovers Education Foundation and the Tigers Sport and Education Trust enabled the College to continue to enhance its provision for those at risk of becoming NEET. Higher Education saw further planned growth and in 2014/15 enrolments increased by 31%, with particular demand from local employers for our revised part-time engineering offer.

In the context of government policy changes, demand from local schools for 14-16 partnership activity was much reduced, 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 supportive environment that enables them to grow in confidence, esteem, motivation and aptitude
- Maintaining a 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

### **The College's specific financial objectives for 2014/2015 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.

## **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **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**

The National Success Rate Tables, published annually, show that in 2014 the College maintained its position in the top 10% of colleges for the key measure of 16-18 success. This is endorsed by the Qualification Success Rate reports which indicate the College performs above national average in both 16-18 and 19+ age groups and in most types of provision, including apprenticeships. In 2014/15 the College performed substantially above the new Minimum Standards thresholds both for 16-18 and for adult provision. 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 attendance, punctuality, behaviour and outcomes were very good, though stretching value added targets were missed. Teaching and learning was outstanding, with particularly strong performance in the volume of lesson observations graded good or better 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 fell.

The College is committed to observing the importance of sector measures and indicators and use the FE Choices 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. The current rating of outstanding is an excellent outcome and represents our achievement of our strategic objectives.

### **Financial position**

#### **Financial results**

The College generated an operating surplus in the year of £258,000 (2013/14 – surplus £83,000).

The College has accumulated reserves of £5.3 million and cash balances of £2.6 million.

Tangible fixed asset additions during the year amounted to £506,000. This was split between investment properties acquired of £255,000 and equipment purchased of £251,000.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2014/15 the funding bodies provided 80% of the College's total income.

#### **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 and shall comply with the requirements of the Financial Memorandum.

#### **Cash flows**

The £495,000 inflow from operating activities (2013/14 £189,000 outflow) was an exceptional movement in the year. The College cash inflow is very strong. Cash on deposit was healthy, however it has fallen slightly due to capital investment undertaken.

## **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Nature, objectives and strategies**

#### **Liquidity**

The College has a secured loan amounting to £1.85 million outstanding at the year-end in order to help finance the Academy and Renaissance buildings replacing a number of poor quality teaching areas.

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

### **Current and future development and performance**

#### **Student numbers**

In 2014/15 reductions in adult funding continued to bite, resulting in a further reduction in 19+ classroom based and distance learning, although apprenticeship provision once again grew substantially with almost 800 apprentices on programme, the highest volume ever achieved by the College. Additional funding had to be sought in-year to meet 16-18 apprenticeship growth. For 16-18 learners there was a reduction of 61 in overall student numbers although the full-time recruitment target for classroom learning was exceeded by 74. 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 31% to 159, with the full-time equivalent rising by 37% to 125.75.

#### **Student retention and achievement data**

Retention fell in 2014/15 to 91.3%, largely as a result of the reduction in distance learning short courses and the expansion of English and maths qualifications in line with government policy, but it remained 2% above the national rate throughout the year. Achievement was 95%, buoyed by high levels of examination passes at AS and A2 and high achievement rates on distance learning programmes. Overall and timely success rates were very close to the previous year for classroom learning, and remained above average. Higher education retention and achievement remained outstanding at 95 % and 99% respectively. Achievement at A2 improved this year to 99.5%, 1.4% above the national average, with 46% high grades compared with 40% in 2013/14. For AS achievement fell slightly to 86% but high grades improved by 3%. Twenty subjects out of 22 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 remains comfortably above the national rate and GCE English saw an increase in the percentage achieving A\*-C in spite of a 45% growth in numbers. Functional skills success rates for both 16-18 year olds and 19+ show an overall improvement over 2013-14 in both Maths and English and remain comfortably above national averages.

#### **National Teaching Award**

In May 2014 the College achieved a prestigious Pearson Teaching Award for the 'Top FE Team', which was awarded to the Hospitality and Catering department.

Staff from the College's Hospitality and Catering Department celebrated being named FE Team of the Year, winning the National Gold Award, competing against over 20,000 entrants at a Guildhall Ceremony held in London. The team also featured in a special BBC2 programme 'titled' Britain's classroom heroes, broadcast in November 2014.

## **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Curriculum developments**

Study programmes were firmly embedded during 2014/15 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 showcased its successful approach to Study Programmes at a national conference in December 2014 and contributed to the AoC's good practice website, Study Programmes Central. In May 2015 Selby College was the focus of a national good practice video for Maths. 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 Success Rate methodology.

The partnerships established in 2012 to deliver programmes for 16-18 year olds who are at risk of becoming NEET continued during 2014/15, enhancing the experience for learners and achieving good results for the majority of students. The partnerships with Doncaster Rovers Education Foundation and with Tigers Sport and Education Trust 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 in Doncaster.

Higher Education remains a key part of the College's growth strategy with particular demand in from local employers for our revised part-time engineering offer. A new HNC in Beauty Therapy was launched in 2014/15 and recruited strongly; progression to HND is planned for January 2016. Further plans to expand the HE curriculum were put in place during the year with full approval granted by our HE partner the University of Hull for two new programmes (Early Years and Social Studies) and Development Consent agreed for the restructuring of our Sports provision. A full degree offer is planned for September 2016 in Computing together with a new HND/C in Art & Design.

The College's long-term partnership with DC Training continued to perform very strongly and the range of apprenticeship frameworks was extended during 2014/15 as the College brought on board its own plumbing and electrical offer for construction learners, and substantial growth was again experienced in engineering and health and social care, including the introduction of higher level apprenticeships. The College further developed its programmes for the unemployed, building upon excellent links with Jobcentre Plus and successfully utilising ESF funding through partnerships with other FE colleges. Programmes largely focused on care and logistics in response to local industry needs and included Sector-based Work Academy programmes with guaranteed job interviews as part of the package.

The Centre of Excellence in power engineering (Powerskills) continued to develop during the year. Successes included the expansion of higher education, apprenticeship growth, full-cost training with a variety of local and regional employers, new progression pathways, and contribution to the trailblazer apprenticeships in food manufacturing. The College also embedded its partnership with JTL, a national training provider, receiving very positive feedback from construction employers for its provision in plumbing and electrical.

In June 2014 the College successfully submitted its bid to North Yorkshire County Council to sponsor a new Primary School Academy in Selby, being selected as the chosen sponsor. We have been unable to pursue our sponsorship at this stage, however, because of new DfE requirements for academy governance that were implemented in-year. The College is now working with the Regional Commissioner and local school partners to establish the necessary framework to take forward its sponsorship plans during 2015/16.

### **Customer Service Excellence Assessment 2013**

In 2014, the College received a 'light touch' inspection visit by the CSE Assessor who confirmed we fully met the standard. It has since been decided we will no longer pursue this standard as a cost saving measure as a direct result of the Government cuts to funding.



## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### 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, working these up to full bids in the summer term. If approved, capital funding will be secured to extend the current construction centre in the Aspiration building and to purchase specialist equipment for both engineering and construction, underpinning growth in these subject areas. The Board of Governors also approved in principle monies to create new Art and Design workshops to support the planned development of a higher education offer in this area for September 2016.

### Future developments

Despite failing to reach the 16-18 student number target because of lower than usual part-time recruitment, over-achievement of full-time student numbers brought the College close to its Education Funding Agency income target (99.4% 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 £145k to support significant growth in 16-18 apprenticeships. For higher education the College slightly exceeded its income target because of buoyant recruitment during 2014/15. ESF-funded activity was slow to become established and as a result the College did not meet its income target of £215k, although the contribution target was achieved.

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 and to contribute to trailblazer delivery in food manufacturing. Classroom learning at 19+ is expected to decline further in accordance with ongoing cuts to funding, although the College will be making renewed efforts to utilise its 24+ Advanced Learning Loans allocation. The new round of European Social funding will be released late in 2015 and the College has already signalled its intention to work with several FE college partners to extend its 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 to ensure we are able to grow our new Traineeship offer during 2015/16 for both adults and young people.

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 intends to further develop its 16-18 partnership activity with Doncaster Rovers Education Foundation (including Traineeships) and will focus its provision at Tigers Sport and Education Trust entirely on Traineeships.

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 2015/16 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.

Growth in full-time higher education will be supported by the removal of the Student Number Control in 2015 and the College is developing additional courses, both full-time and part-time. As well as new programmes in Early Years, Social Studies and Art and Design, 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.