



# FINANCIAL REPORT

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 Senior Leadership Team and were represented by the following in 2015/16:

Principal and CEO; Accounting Officer	Chris Webb – Appointed 28 September 2015
Principal and CEO; Accounting Officer	Colin Booth – Resigned 25 September 2015
Deputy Principal	Yiannis Koursis – Appointed 4 April 2016
Vice Principal Curriculum	Dave Harding
Vice Principal Quality	Phil Briscoe
Vice Principal Funding, Data & Compliance	Vince Dalton
Vice Principal Corporate Services	Tony Johnson
Vice Principal Finance	Laila Lawton
Principal Sixth Form College	Liz Leek – Appointed 19 December 2015
Vice Principal Teaching, Learning & Student Support	Jennifer Miccoli

### **Board of Governors**

A full list of Governors is given on page 22 of these financial statements.

Alison Oaks acted as Clerk to the Corporation throughout the period.

### **Professional advisers**

#### **Financial statements auditors and reporting accountants:**

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
Whitehall Road  
Leeds, LS1 4BN

#### **Internal auditors:**

Icca Education Training and Skills Ltd  
11<sup>th</sup> Floor, McLaren House,  
46 The Priory Queensway,  
Birmingham, B4 7LR

#### **Bankers:**

Barclays Bank Plc  
North East & Yorkshire Larger Business Team  
PO Box 378, 71 Grey Street  
Newcastle Upon Tyne, NE99 1JP

Santander  
Bootle  
Merseyside, L30 4GB

#### **Solicitors:**

Martineau Johnson  
1 Colmore Sq,  
Birmingham, B4 6AA

Watson Burton LLP  
1 St James Gate,  
Newcastle Upon Tyne,  
NE99 1YQ

## **Strategic Report**

### **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 Barnsley College. The college is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The Corporation was incorporated as Barnsley College.

### **Public Benefit**

Barnsley College is an exempt charity under the Part 3 of the Charities Act 2011 and 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 22.

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, the 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

### **College Vision 2015/16**

The college's 2015/16 vision was to be a world class tertiary college.

### **College Strategic Priorities 2015/16**

As part of the college's normal strategic planning process, the college's Strategic Priorities were reviewed and updated.

#### **Top Strategic Priorities:**

- An outstanding Sixth Form College that is a first choice A level provider
- Significantly grow apprenticeships and work based part time higher education
- Deliver outstanding teaching & learning and student progress with significant use of e-learning
- Recruit and develop world class teachers and support staff
- Deliver world class learning and excellent results for English and maths
- Grow Higher Education and apply for awarding powers
- Significantly grow STEM and Construction courses and students.

#### **Other areas of focus or development**

- Deliver qualification success rates in the top 10% of colleges
- Build an outstanding reputation
- Deliver our budget and carefully manage cash flow, loans and capital spend
- Collaborate with partners to meet the needs of learners and employers
- Place user views at the heart of decision making
- Develop 'Self Organised Learning Environments' (SOEs) across the college
- Develop 'Learning Companies' that support apprenticeships and work placements
- Increase student work placements and work experience as part of study programmes
- Develop and grow new Warehousing and Logistics provision
- Develop a learning culture through 'Project Connect'
- Develop IAG and careers services
- Support the Wellspring Trust to grow in Barnsley and the surrounding area.

## **Strategic Report (continued)**

### **Overall Performance**

#### **An Outstanding Tertiary College**

The college was most recently inspected by Ofsted in November 2010 and achieved the overall grade of outstanding (Grade 1). Ofsted Inspectors identified that:

“Leadership and management are outstanding. The Principal and governors provide strong and effective leadership, which places learners at the heart of the college’s work, and have a relentless drive towards excellence”.

The college continues to self-assess its performance as outstanding.

#### **Delivering Outstanding Results**

Success rates for young people are high and remain above the national averages.

Following changes in government policy there is now an increased focus on measures other than success rates.

These include:

- Stakeholder satisfaction
- Progress in mathematics and English
- Securing positive progression/destinations when the learner leaves college.

Learner and employer surveys continue to show high levels of satisfaction with the college. A change in college policy has resulted in more learners studying and achieving in both English and mathematics.

There is a greater emphasis on destination as more learners are either securing employment or progressing into Higher Education. Dedicated provision for those seeking employment has resulted in the development of programmes, working in partnership with local employers that provide successful completers with job interviews. New apprenticeship frameworks continue to be developed to create new pathways into employment with training.

#### **College Strategic Priorities 2015/16 Update**

This section of the Financial Statements summarises the college’s progress against its key strategic priorities.

#### **An outstanding Sixth Form College that is a first choice A level provider**

Success rates in the Sixth Form have improved significantly to above national averages, with overall performance in the top 25% of colleges. The DfE league tables were released and indicated that the average attainment of sixth form learners has improved by half a grade from D to C in a climate when other providers in the area have seen a decline. The Sixth Form has moved culturally in a positive direction and the impact of new staff, brought in through the new A Level Teacher contracts, continues to have a significant impact on outcomes.

The new Sixth Form building at St Mary’s Place is the jewel in the crown of the college estate. This project has been highly successful and, following the move into the building in January 2016, staff and students have been ‘buoyed up’ by the outstanding teaching and learning facilities. Increased student numbers demonstrate that Barnsley Sixth Form College is well placed to be seen as the first choice provider of A levels in Barnsley.

#### **Significantly grow apprenticeships and work based part time higher education**

The college is highly responsive to the demands and training requirements of employers and develops curriculum offers and delivery models to meet the needs of businesses. The college offers 54 apprenticeship framework pathways at intermediate, advanced and higher apprenticeship levels.

Apprenticeship recruitment continues to grow, particularly in the 16-18 age bracket. The college delivered ambitious volumes of £3m of 16 to 18 apprenticeship activity and £1.3m of adult apprenticeship activity during 2015/16. This resulted in the college providing training for over 900 young people and over 1,100 adults on apprenticeship programmes.

Apprenticeship provision continues to remain excellent with the college having one of the best apprenticeship framework success rates in England. The success rate for 2015/16 is 86%. Employer surveys highlight the

## **Strategic Report (continued)**

continuous improvements in quality. The surveys show that employers are highly satisfied with the service the college provides and the training the apprentices receive.

The college established an Apprenticeship Training Agency five years ago. This continues to function effectively supporting SMEs in the recruitment of apprentices.

### **Deliver outstanding teaching and learning and student progress with significant use of e-learning**

There are a variety of strategies in place to ensure that the standard of teaching and learning is significantly and consistently improving and extending the use of e-learning. Strategies relating to rigorous monitoring and the sharing of best practice have been firmly embedded within a sharing and supportive culture. The college has developed an ethos of testing new approaches leading to innovative and challenging teaching and learning. There has been significant investment in training and development, Information Learning Technologies (ILT) resources and the Virtual Learning Environment (VLE). As a result, technology is used very effectively to promote and support learning with significant increase in use and quality of the VLE as well as many other ILT based teaching and learning strategies.

Elephant Design apprentices, as part of the Learning Technology Unit, worked with curriculum to create over a hundred interactive e-learning packages with very positive feedback from staff and end users.

Teachers have appropriate skills and expertise, are passionate about their work and provide high quality teaching, learning, assessment and support of learning. Assessment of learners' performance and progress is timely, fair, consistent and reliable and learners receive constructive feedback and are set challenging targets to improve. A wide variety of strategies are used to develop wider skills to support the achievement of the students' main learning goals. The college has embraced study programmes as it allows for development of a wide range of skills and activities which enhance learning and extend learners' experience to prepare them for progression. Almost all learners have positive destinations and progressions.

In student surveys, all questions regarding the quality of teaching, learning and assessment were in the top quartile, all were well above sector average throughout the year and on exit:

- Teaching and learning resources are good – 94%, +5% above sector average
- Teaching on my course is good - 97%, +6% above sector average
- Assessment is fair and I know what I need to do to improve - 97%, +5% above sector average.

Training and support for teachers to deliver best practice is extensive and there are very well embedded strategies for teachers to achieve outstanding quality.

The well-established Learning Technologies Unit and also the IT Services department each developed a schedule of training based on a self-assessment survey of staff skills and also requests. Training was delivered on a 1:1, small group or whole department basis and has seen significant progress in the use of ILT and in staff confidence and curiosity across the college as well as significant improvements in reporting on quality and use of resources and learner progress and skills development. The college won several awards for use of learning technologies in teaching, learning and assessment.

Staff were also supported to improve by 22 new Advanced Practitioners and 10 new ILT stars who were involved in: sharing excellent practice, mentoring new staff and peer coaching in individual, departmental and cross college CPD sessions. Training, development and support impacted on improvements in teaching, learning and assessment and included cascaded teaching and learning strategies from the Teaching and Learning Forum.

There were 3,874 formal attendances recorded by college staff on training and development in 2015/16 directly related to improving teaching and learning and ILT. Events and staff development courses are facilitated by internal staff and also by external consultants. There is also a Virtual Teachers' Centre which houses a range of resources. The teachers' shared area on the college network and Moodle are also used to share best practice and materials across college including videos, induction materials, and best practice in Equality and Diversity, Planet 'e' stream materials and warm up activities.

A Teachers' Fair takes place annually. This year there were over 100 workshops organised across three days covering all aspects of best practice in teaching, learning and assessment under the banner of "Leaders of Learning". This year we also delivered an increased number of workshops relating to IT/ILT to develop staff and give them confidence in using ILT. In 2015/16 all staff undertook mandatory IT upskilling to ensure that they have the skills required. Feedback from the Teachers' Fair was excellent and comments included "thought



## **Strategic Report (continued)**

*provoking*", *"awesome"*, *"informative"* and *"fantastic"*. Staff feedback also reflected a great appreciation of the effort put in by all those delivering the workshops and that they enjoyed spending time with colleagues from other areas and sharing good practice.

Progress of learners is checked and monitored by the Quality and Performance team and formally checked and monitored by the Senior Management Team at quarterly performance reviews where under-performing courses/learners are identified and in-year intervention strategies put into place. Value Added has improved in 2015/16 in academic subjects AS and A2 to grade 3 (outstanding) and 5 (satisfactory/good). Training in use of ProMonitor took place across the year for new staff.

The development of independent study skills and learning how to learn continued to drive the quality of learners' work. The 'learning without walls' project again purchased laptops for student loan to enable learning outside the classroom which has been greatly enhanced throughout the year with departments purchasing a variety of devices to use in class, in college SOLEs, social areas and at home. E-learning has significantly increased this year both in college, 24 hour access and outside the classroom.

The consistent improvement of internal lesson observations grades has been maintained this year at 95% good or better lessons with 50% outstanding lessons. 75 Cross college themed walkthroughs were carried out in all curriculum departments to check effectiveness and impact of strategies to improve. 53 Observation Walks with Learners (OWLs) followed a learner's journey to check effectiveness and consistency in the quality of the learner experience. Both initiatives had a positive impact on learners and learning following extremely positive and detailed feedback from observers including governors. 383 learning walks took place across the college to check consistency of delivery, progress and rapid improvement.

### **Recruit and develop world class teachers and support staff**

HR processes have been developed in a number of areas. A new HR system has been purchased which is being developed to streamline the recruitment process. Also new recruitment practices will be introduced to ensure prospective applicants and the college have mutual cultural values and expectations. Recruitment events have been held throughout the year to increase the flexible pool of teaching staff across departments. A new induction programme has also been introduced to support new staff in their first six months of employment.

Following a successful external review, the appraisal process standard targets have been modified and extended. All major roles now have a suite of standard targets which can be used flexibly to set and monitor key result areas. Department Enhancement of Learning Plans (DELP) capture a range of training information via a skills matrix which informs the college training plan and allows department managers to identify areas where development is required. This has also been rolled out to service departments and is included in the appraisal process. A recent development is the inclusion of a self-assessment of skills gaps by staff. An individual training plan has been introduced which enables staff to access all development information in one place.

Training programmes are now established for course leaders, managers and supervisors, focusing on key areas such as student tracking, data management, and teaching and learning as well as critical skills required to lead and manage staff. The college commits significant resource to training and development and in 2015/16 spent £125k on cross-college, departmental and individual activities. In total there were 920 events, 13,345 attendances and 21,965 attendee hours. Over 90% of feedback received was positive, with 93% of attendees stating that the training had resulted in a positive impact on learners. The college was successfully reassessed as an Investor in People in July 2015.

The Barnsley College contract is now in place which increases flexibility and enables managers to utilise a range of clearly defined roles, which have been reviewed and updated, to deliver their curriculum. This contract contains annualised hours and improves the terms and conditions of over half of college staff. A clear career pathway is now embedded which enables staff to see how they can progress in their teaching career at the college and what they need to do to achieve this. New pay scales, including newly job-evaluated positions to ensure pay equality, are also now established which reflect the different levels of responsibility of the various teaching roles. Collective bargaining rights have also been agreed for the teaching roles with the relevant trade unions which satisfactorily resolves a long standing issue.

Focus has been placed on succession planning to alleviate difficulties in recruitment to critical roles and also to invest in staff and their futures within the college.

A comprehensive Heads of Department leadership development programme was commissioned to run from 2014 until 2016 which focussed on developing the capabilities of the management team at Head of Department

## **Strategic Report (continued)**

level and above. The programme has proved to be a successful and valuable way of ensuring that our managers have the skills and competencies, all based upon emotional intelligence and leadership, that are required to operate successfully in the college. After a 360 degree appraisal, which involved line managers, peers and reports and an initial residential event, a programme of individual modules took place, covering a range of key leadership themes. These included talent spotting and succession planning, which will support forward planning for developing current staff for future management roles. The programme concluded in May 2016. A subsequent 360 degree appraisal was undertaken which demonstrated significant progress amongst participants as a result of the programme.

### **Deliver world class learning and excellent results for English and mathematics**

The college is committed to improving English and mathematics. The Essential Skills Policy provides learners with an English and mathematics entitlement. The key aims of the policy are: all learners who leave the college with a full level three qualification have also achieved a level two qualification in both mathematics and English. Also, all learners will continue to study English and mathematics qualifications until they achieve, at least, a GCSE grade A-C.

Advanced Practitioners have been appointed in both English and mathematics. These staff have a cross-college responsibility in supporting staff and sharing good practice to improve levels of both English and mathematics. The lesson observation process has been modified such that observers have an increased focus on English and mathematics.

Walkthroughs dedicated to English and mathematics have been undertaken in all curriculum areas. These walkthroughs have included the inspection of student work to ensure that it corrected appropriately and fed back to learners.

The college has a senior leader with responsibility for English and mathematics and the senior leadership team recognise its importance, allocating resources accordingly. The college has taken the decision to centralise the delivery of GCSE English and mathematics as a response to the Government's condition of funding rules. The college is confident this will lead to further improved outcomes for learners.

There has been significant improvements in GCSE grade A\*-C in both English and mathematics. These are now both above national averages for the post-16 age group. The college has seen a decline in Functional Skills achievement rates but they remain well above national averages.

### **Grow Higher Education and apply for awarding powers**

The past three years have seen significant changes occurring in the HE landscape, with the probability of more to follow. Future planning for Higher Education, combining Higher Education Funding Council for England (HEFCE) priorities with those of Quality Assurance Agency (QAA) and in line with the Government's proposed reforms in respect of the reviewed approach to quality assessment will ensure a clear strategic direction for the development of Higher Education. The college now has five collaborative partnerships with the following universities:

- University of Huddersfield
- University of Derby
- University of Hull
- Sheffield Hallam University
- Leeds Trinity University.

Further increases to the HE portfolio are planned across all curriculum areas.

### **Significantly grow STEM and Construction courses and students**

The college has progressed substantially with its building strategy for Construction and STEM buildings. The redeveloped infrastructure has been instrumental in the expansion of provision delivered by the Engineering department. Recruitment within the Engineering department exceeding forecast by 6% with a number of new courses and apprenticeship pathways being offered. Higher Education has also developed significantly with the introduction of the HND Motorsport programme and an expansion of the current provision.

The new Honeywell Construction Centre (CUBE) was completed in August 2015. Transition to the CUBE was undertaken as scheduled and was operationally ready for the start of the September term. The addition of this facility has allowed the college to bring Construction students back closer to the centre of the town. This has had a positive impact on recruitment of learners with 2015/16 recruitment exceeding the previous year. There



## **Strategic Report (continued)**

has also been a positive impact on the breadth of provision offered by the Construction department since this new facility came into use. A number of partnerships have been developed including the establishment of the Construction Centre as one of four nationally recognised partners to deliver Interior Systems for British Gypsum. The first cohort of learners has been recruited and are currently on programme. The Tier BIM Apprenticeship route (Construction and Built Environment) is being delivered with the potential to roll this out nationally.

The partnership with the Advanced Manufacturing Research Centre (AMRC) continues to grow with outstanding results being delivered. The Foundation Degree developed in partnership with Sheffield University recruited its first cohort of learners.

### **Deliver qualification success rates in the top 10% of colleges**

The college continues to deliver high achievement rates across all courses.

For young people vocational provision is strong across all levels and is within the top 10% of colleges. Many learners successfully complete vocational programmes and progress onto higher levels. AS and A2 achievement rates have improved significantly in 2015/16.

There has been significant improvement in GCSE grade A\*-C in both English and mathematics with grades remaining well above national averages.

Provision for the unemployed and those at risk of redundancy provided access to qualifications and successful progression into employment for many of the participants.

Apprenticeship provision is growing and there continues to be high levels of performance across all apprentice programmes. Performance for 2015/16 continues to be strong and is within the top 10% of colleges.

Overall outcomes for learners are outstanding for 2015/16.

### **Build an outstanding reputation**

The college continues to develop its reputation by building on the use of ambassadors; alumni; and advocates, alongside supporting both local, regional and national initiatives.

To date the Barnsley College Alumni Facebook page has 186 likes, and the central database holds 510 profiles. These are utilised as case studies in publications including course guides, web sites, plasma screens and posters both in college and in feeder schools along with a range of other marketing and promotional materials.

The college holds an annual Excellence Awards evening at the Metrodome that covers cross college and departmental awards. This event is supported by a number of sponsors some of which have been attending every year. In addition curriculum departments celebrate their student achievements by hosting a range of awards style events.

The college works closely with key stakeholders, including the Lord Lieutenant's office, Higher Sherriff, Leader of the Council, Local Enterprise Partners, combined authority, four area MPs, One Barnsley Board, councillors and employers/advocates such as Dickie Bird OBE, John Foster MBE to name a few. Stakeholders are engaged in the Graduation, excellence award events and corporate newsletter 'Umbrella'.

The Marketing department compile press releases on a wide range of stories from individual student successes and college awards, to student visits including when the Catering and Hospitality students cooked for the Prime Minister and then for the Queen's 90th Birthday celebrations.

Lord David Blunkett officially opened the new Construction Centre in a ribbon cutting ceremony on the 11th March 2016 and shared his memories of his time as a tutor at the college. The Sixth Form opened its doors to students and staff in January 2016, and VIPs and key stakeholders were given the opportunity to have a tour of the facilities and meet the students. The official launch took place in November 2016, these events continue to provide the college with new opportunities to further develop relationships.

The college supports the local community in terms of sponsorship for awards such as The Proud of Barnsley awards and the Barnsley and Rotherham Chamber. The college facilities are used by wider clubs and groups to host events such as choir and music festivals, school markets and enterprise initiatives.

## **Strategic Report (continued)**

In 2015/16 the college was involved in hosting a stop off point for the Sport Relief Challenge with Jo Brand “Hell of a walk” and also the Sixth Form College for the filming of the BBC Sunday Politics show, debating the Brexit campaign with students.

The Talent United project run by the Enterprise Department focuses on working with employers to provide work experience, guest speakers and other engagement opportunities linked to the employability element of the study programmes.

The college supports the “Raising aspirations” project run in local schools, whereby staff volunteer to mentor and support pupils whilst still at school.

The Principal and CEO is the Chair of the One Barnsley Board that brings together a wide range of organisations including the Police, South Yorkshire Fire and Rescue Service, BMBC, Voluntary sectors, Barnsley and Rotherham Chamber, Job Centre and many others. Its purpose is to work together on strategies that immediately impact of the local and regional area, work collectively to communicate key messages and support the overall aims.

### **Deliver our budget and carefully manage cash flow, loans and capital spend**

The college met its key financial targets; the college has reported an operating surplus of £8.6m, exceeding the budget by £2.2m. Total income was £50m, which was £1.8m above target, whilst expenditure was below the budget by £0.3m. The college generated over £1.8m more cash than budget.

<b>College Financial Target</b>	<b>2015/16</b>
1. EBITDA % of income (target $\geq 10\%$ )	15.3%
2. EBITDA/interest costs (target $\geq 2$ times)	4 times
3. SFA Financial Health grade (target satisfactory)	Satisfactory

During 2015/16 the college was able to generate Earnings before Interest Tax Depreciation and Amortisation (EBITDA) of £5.9m. This enabled the college to continue its ambitious capital investment plan.

The college spent £1m on small capital equipment and developments, including computer equipment, software and general equipment.

### **Collaborate with partners to meet the needs of learners and employers**

The college continues to develop effective links with a broad range of providers to meet the needs of learners and employers. The college works with many local schools providing services for over 300 school children (aged 14 to 16). Retention and success rates are excellent.

In order to address the NEETs agenda, the college delivers to young people in partnership with the Springwell School. The college has also developed strong partnership working with Barnsley Community Build, a local private provider that specialises in engaging young people delivering traineeships and apprenticeships.

The college has developed highly effective partnerships with a number of NHS Trusts, including Barnsley Hospital, delivering a wide range of apprenticeship programmes. Development of a number of new clinical pathways to meet their specific needs started in 2014/15. In addition, the college is celebrating its third year in partnership with the AMRC, delivering Engineering Level 3 programmes for their apprentices. This has led to further opportunities with Sheffield University through the delivery of a new foundation degree in Engineering. Further discussion is taking place to strengthen our relationship with the University. The success rates for all apprenticeship programmes delivered in partnership are outstanding.

The college also works closely with a number of recruitment agencies to secure employment for students after they have completed programmes of study. A significant number of Sector Based Work Academies have been delivered on behalf of employers such as Leeds Council, Capita and ASOS that have led to high job outcomes for students.

## **Strategic Report (continued)**

The college has excellent partnerships with local stakeholders and employers that contribute effectively to meeting the regions learning, employment and community priorities and has led on initiatives such as the 'Barnsley Pledge' and more recently Talent United. All initiatives aim to increase the number of employers and apprentices engaged, not only in supporting the apprenticeship programme but in supporting the employability skills of full time students through work placement activity.

The college continues to strengthen its relationship with the Sheffield and Leeds Local Enterprise Partnerships (LEPs). The Head of External Funding was seconded to the Sheffield LEP four days a week and the college delivers a successful apprenticeship programme for BMBC and the Leeds LEP to increase the number of employers taking on apprentices in the Barnsley borough. This programme has supported other providers in the borough also.

Relationships continue to be developed with universities, including the link with Huddersfield University through the transfer of University Campus Barnsley to the college. Further developments are taking place to strengthen the college's relationship with a number of other universities.

Extensive relationships with the Primary Care Trust have enabled the embedding of the Health and Wellbeing Centre, delivering pioneering services for both young people and staff.

### **Place user views at the heart of decision making**

Capturing learner voice and gathering feedback from learners is central to the college's aim of placing learner views at the heart of our decision making. The college places a high priority on this process and monitors the learner voice through performance reviews and observing learner forums. The college engages learners in innovative ways to ensure that departments respond quickly and consistently to learner suggestions. Engagement initiatives fall into the three broader themes of formal feedback, informal feedback and learner representation. The Learner Voice strategy supports the whole college values, student mission statement and Project Connect objectives.

Learner voice is collected through various channels and forums. Formal feedback from learners plays a key part of the college's improvement strategies. It is essential to the quality and value of the Learner Voice process that learners feel heard and that the college responds to their feedback. This in turn ensures that learners value the learner voice process and invest in it through their participation. The 'You Said We Did' initiative enables learners to see what has been done in respect of their feedback and takes the form of posters, de-brief sessions, social media and online environments.

The actions and responses resulting from learner forums, form an integral part of the performance review and accountability structures within college. Departmental Learner Forums are held on a termly basis, and are attended by senior managers as well as being supported by the Student Services team to ensure objectivity and commitment from the highest level. All requests for improvements from learners are dealt with immediately by Heads of Department and senior management. The principle is that the college considers and acts upon learner requests and complaints very quickly. The learner forum process is very well embedded in the college and the introduction of the new debrief sessions have seen the number of resolved issues increase significantly over the last 18 months with 93.5% of issues resolved in comparison to 76% in 2013/14.

Informal feedback is gathered via the 'Comments to Chris' initiative where learners are encouraged to 'Tell us one thing you love about college and one thing you would change'. This initiative travels to all college sites and engages students in their social areas. The learner voice blog is an important tool in engaging learners and as well as giving information learners have the opportunity to leave posts on the blog as feedback. The Student Services Team are also able to offer support to departments following analysis of the learner surveys and direct specific support in engaging learners where needed with the 'Tell me about it' tutorials, in which staff have the opportunity to 'unpick' learner survey questions to find out what learners need and want.

SMT also carried out 56 Project Connect walks to get learner feedback. Lesson observation includes getting feedback from learners about their experience.

The QDP learner survey enables the college to benchmark learner satisfaction against other colleges across the country. The college scores highly in all categories and is above benchmark for all quality assurance questions which places it in the top quartile overall nationally. The college scores in the top quartile for all areas of the survey apart from 'Equipment' where it is ranked in quartile C.

## **Strategic Report (continued)**

Learner surveys are held three times per year (induction, on-programme and exit) for all learners to complete and feedback their views and opinions on a variety of topics which include teaching & learning, assessment and feedback and wellbeing and support.

Student representation plays a significant part in decision making, including two student governors, one from each of FE and HE (one of whom is also the Student Union president). Both learners are nominated, through the election process. Course representatives are elected by their fellow classmates and take part in forums alongside other types of volunteering. Student governors and representatives are increasingly involved in a wide range of activities influencing and contributing to the life and work of the college.

There is also a new Teaching and Learning Student Strategy Group who contribute to college policy making.

The learner involvement moodle page includes general information on how to become a course representative along with a direct link to the learner voice blog. In November 2015 Student Services ran 28 training sessions to ensure that 100% of all course representatives were trained and have also launched online refresher training for representatives that had carried over their role from a previous academic year. Learners have the opportunity to leave feedback or comments on the page which then receives a rapid response from the Learner Involvement team. There is also a Learner Voice Twitter account, a Facebook page and an Instagram account is under construction.

The Student Council met three times during 2015/16, and is composed of two health champions, two volunteers, two mature students, two apprentices, members of the Student Union executive committee and departmental representatives. The Council is responsible for holding the Student Union executive committee accountable, for bringing concerns from the wider student body, raising awareness of issues they feel require attention and for contributing to learner voice by participating in focus groups and specific feedback teams. For example, this year they have been working together on a project about hate crime and will be producing resources for both academic staff and students.

The Student Union (SU) has a dedicated committee of 10 roles, all formally outlined by the constitution. Their role is to represent and to promote the needs and aspirations of students in the educational community. In 2015/16 the SU organised several fundraising events for numerous charities as well as supporting the start-up of 15 student societies and run their own budget. Members of the committee have attended several NUS conferences and networking events, representing the college and sharing their knowledge when they return.

The Student Union created their own Mission Statement:

‘To work democratically so that all learners have an equal say in decisions that affect their college life, and to advocate on behalf of those learners to represent their interests and views and promote and protect their welfare. To organise and encourage learners to participate in events and fundraising by offering equal opportunities for all and engaging learners in a fun and inclusive way’.

Learner representation, through established learner representative groups we are able to take advantage of the valuable feedback and input that learners can contribute. From course and department representatives to health champions, there are a range of initiatives where learners can tell us first hand of their experiences at college. The Student Union Executive Committee are responsible for representing the student body at the college's strategic groups and our Student Council is responsible for overseeing the work of the committee and for providing a feedback mechanism for initiatives both internally and externally within our communities. In addition to this we have student governors at Board level ensuring student representation at every level in college. Learners are also involved in developing curriculum alongside Heads of Department.

### **Develop ‘Self Organised Learning Environments’ across the college**

The college is fully committed to providing excellent learner resource provision which will meet the needs of every learner. Learning spaces are inspirational, supportive and well-resourced in terms of staff, IT access and facilities for a full range of abilities as commented on annually by all external visitors, reviewers and the students themselves. This enables learners to enjoy learning and develop their skills and knowledge in both subject areas but also socially and independently as well as providing study space and resources day and evening which many learners do not have access to out of college.

Learners are supported to achieve their learning goals in between structured sessions. The central Learning Curve (LC) in the main Old Mill Lane (OML) building and the University Campus Barnsley (UCB) Library are managed by the Director of Teaching and Learning and the Senior Librarian and staffed by a central team

## **Strategic Report (continued)**

providing a safe environment, study skills support where required and access to IT, software, text books, e-books, journals and a wide range of other resources.

A named member of the LC team supports each of the academic departments to ensure that current and relevant resources are available to learners through the Learning Curves and Departmental Learner Bases. Data is collected which tracks student use of PC logons by department which has seen a significant increase in line with the strategy to further develop use of IT and independent learning.

There are study support workers who give learners one to one and small group support and assist learners wherever possible with IT, help with referencing/essay structure/CVs/UCAS personal statements/functional skills/time management etc. The uptake of learners using this service continues to grow.

The college has made significant investment in learning space and self-organised learning (SOL). In addition in 2015/16 flexible study space was further developed at Wigfield Farm (The Leaf), the new Cube Construction Centre at Honeywell with specialist inspirational SOL space, and the redevelopment of the Sports building at Honeywell. The whole of the new Sixth Form building was designed around self-organised learning in inspirational spaces. At Old Mill Lane there are well developed SOLEs as well as access to the 'Learning Curve' on four floors. Balcony areas provide space and computers for group and individual work. Specialist facilities allow learners to complete self-organised learning in practical areas; the additional kitchen for catering students, studio space for art students and salon space for hair and beauty students. Practical areas are made available for students to practise their vocational skills and laptop loans are available to work in social areas and at home. These spaces across all areas are a flexible space for independent learning and also used as a social area to develop wider skills.

### **Develop 'Learning Companies' that support apprenticeships and work placements**

The college has four learning companies; The Open Kitchen, Gem Design & Print, Crumbs and Cookie Crumbs which have continued to develop and grow. These learning companies have provided real work opportunities for over 180 students and have provided apprenticeship opportunities at Levels 2, 3 and 4.

### **Increase student work placements and work experience as part of study programmes**

Opportunities for work experience are outstanding. The college offers a wide range of opportunities for learners to gain work experience. The following highlights some examples of work experience.

- In Early Years and Care 447 learners were placed in 241 different early years/healthcare settings.
- In Learning for Living and Work 44 students (39%) carried out an internal placement in college as part of the learning programmes (Hair and Beauty, Catering, Estates) and 20 students (18%) carried out a supported traineeship as part of their personalised learning programmes.
- In Hair and Beauty all full time learners have planned work experience timetabled to support transition to the next level of study or employment. Learners also had the opportunity to develop additional skills that enhance their qualifications and make them more employable during an annual 'skills week'.
- In Foundation Learning 35 Prince's Trust learners participated in a two week work placement.
- In Travel and Tourism all learners achieved the additional qualifications in Resort Representative and Introduction to Air Cabin Crew.
- Learners from Media completed tasks for both internal and external partners including the Evostik Northern Premier League awards evening.
- Learners from Music have contributed to the promotion and performance of commercial gigs supporting The Atlantic Sessions, a week long music event.
- In Art and Design students designed a superhero to promote Doyles Security. The superhero outfit was made and paraded at Barnsley football club. Textiles students worked with 'Moo' a local fashion manufacturer and retailer to create a fabric to be used in their summer collection.
- All Sports learners have a three week work placement and follow additional qualifications in Fitness Instructing, Community Sports Leadership and Higher Sports Leadership. These are industry recognised qualifications that increase employment prospects when the learners leave college.
- Learners in Animal Care access a range of relevant work placements with the department providing placement opportunities in over fifty specialist locations.

## **Strategic Report (continued)**

### **Develop and grow new Warehousing & Logistics provision**

The college has delivered a three year ESF contract to support unemployed and those at risk of redundancy across the region in partnership with a number of colleges and training providers. The contract concluded on 31 July 2015. As part of this contract the college has delivered a number of Sector Based Work Academies (SBWA) for employers. These programmes have proved extremely successful and have supported over 500 individuals into sustainable employment or apprenticeships. The college will continue to deliver SBWA programmes to meet the demand from local employers such as Fox's Biscuits, Arcadia, Capita and ASOS. Apprenticeship provision within Warehousing and Logistics continues to grow with 50 apprentices currently on programme. Additional frameworks are now being developed in supply chain management and driving operations. The college is currently recruiting on behalf of Asda and Hargreaves for these new programmes.

### **Develop a learning culture through 'Project Connect'**

Project Connect is a whole college project to develop a consistent approach and ethos of positive, productive behaviour and attitudes of staff and students. The project aims to ensure that all staff reward positive behaviour and consistently address less than good behaviour across all college sites, in all the different environments and situations students find themselves in with a particular focus on personal and social behaviour outside classes.

Themes across the year have included Respect, Purpose, Self-development, Consistency and Responsibility. These have been engaging and promoted through: staff poster campaigns with aspirational quotes, initiatives to recycle, stop smoking, encouraging a positive attitude to work, student workshops on specific themes, displays of learners' work on Project Connect themes, walls of fame promoting past student successes, guest speakers and student competitions. At the end of year a student workshop took place with student representatives from every department led by the Vice Principal Teaching, Learning and Student Support and the Director of Teaching and Learning to review the themes and get student input for developing strategies.

All college staff attend training on behaviour management and promoting positive behaviour.

Linked to the project, all service and support areas have an iTeach action plan which includes three priority actions planned which will positively impact on learners, their experience and behaviour. These are agreed in business planning and monitored throughout the year during quarterly performance reviews. Both these initiatives were commented on as being excellent by external consultants.

Self-organised learning environments (SOLE) are being further developed across the college sites to enable students to develop independent study skills and work on projects outside formal classes in well-resourced and supported environments. At Old Mill Lane there are well developed SOLEs as well as access to the 'Learning Curve' on four floors. Balcony areas provide space and computers for group and individual work. Specialist facilities allow learners to complete self-organised learning in practical areas; the additional kitchen for Catering students, studio space for Art students and salon space for Hair and Beauty students. Practical areas are made available for students to practice their vocational skills and laptop loans are available to work in social areas and at home.

Sixth Form SOLEs have been designed into the new building to house the resources invested in over the last three years. The design includes larger resource areas and smaller subject specific SOLEs throughout the whole building.

The new Construction Centre has the 'Learning Cube' SOLE and staff have undertaken training in ILT, using new mobile devices, touch screen presentation technology and flipped classroom in preparation for moving into their new building and developing independent study skills in learners. Other areas have been developed this year including Wigfield Farm which now has 'The Leaf' SOLE. Both academic and IT resources have been significantly improved as well as support for learners by appointing learning mentors in Sports new SOLE extension, UCB and OML Learning Curves and introduction of both on-line and taught study skills programmes. Satellite sites hold their own book stock, specific journals and fixed and mobile IT facilities for loan.

### **Develop IAG and careers services**

The college is focussed on delivering high quality student experience throughout the careers and IAG process. Clear systems are in place providing clarity of individual and departmental responsibility towards the student journey.

All curriculum departments have delivered detailed careers information, including career pathway diagrams and case studies and a central careers function provides 1 to 1 and impartial Careers IAG. The QDP learner survey



## **Strategic Report (continued)**

shows that the college is performing in the top quartile nationally for students being prepared for next steps at 94%.

The college has implemented a Smooth Operator tracker system to identify learners' career aspirations and next steps, at the start and end of the academic year. All departments have recorded successfully student progression destinations which are monitored via the performance review process.

### **Support the Wellspring Trust to grow in Barnsley and the surrounding area**

The college is the sponsor of the Wellspring Trust, a multi-academy trust. The Trust works across five Local Authority regions and is one of only eight trusts in the country made up of Special and Primary Academies.

The trust has grown considerably during 2015/16 and is now amongst the largest in the country. The trust expects its school number to increase. The political climate is favourable to the growth of Multi-Academy Trusts, as Local Authority funding and consequent ability to support schools continues to be eroded. An increase in the number of schools partnered with the trust in Barnsley remains a key strategic priority that runs alongside and is complementary to the trusts wider interest and interests in the region.

The Trust has achieved notable success at The Forest Academy, Barnsley. The Ofsted rating and end of Key Stage outcomes for children have seen rapid improvement.

Prospects for further growth are very strong. There is an increased appetite amongst schools to look seriously at academisation, which opens doors for Wellspring. There has been no discernible change in the government aim of all schools either becoming an academy, or being aligned to a trust by 2020, with a fully academised system by 2022. This would mean approximately 16,000 currently maintained schools becoming academies.

### **Area based review**

The Sheffield City Region entered into the first wave of Area Based Reviews (ABR) in September 2015. The ABR process was initiated by Government to ensure FE institutions across the country are resilient enough to operate within a tighter fiscal climate, as well as having the high status and specialism required to deliver credible and high quality professional and technical routes to employment.

Institutions that have participated in the review include:

- Sheffield College
- RNN Group
- Doncaster College
- Barnsley College
- Dearne Valley College
- Chesterfield College
- Longley Park Sixth Form College
- Thomas Rotherham, Sixth Form College

The recommendations of the steering group were:

1. Dearne Valley College and the Rotherham North Notts (RNN) Group to merge.
2. Barnsley College and Doncaster College to merge, subject to a successful application to the restructuring facility, should this be required to address debts presenting a barrier to the merger.
3. Sheffield College to continue as a stand-alone college for the short to medium term. This is to allow planning for and implementing necessary changes to ensure financial resilience and provision of a high quality, meeting local educational and economic need. Once the college has achieved the necessary improvement to good or outstanding it will look at options for collaboration or grouping with other colleges.
4. Each of Thomas Rotherham College and Longley Park Sixth Form College to explore joining a multi academy trust in their locality. If either college were not to become academies in the 12-16 months following the area review, that institution(s) would look again at options for collaboration or grouping with each other or other colleges that have been in scope of this area review.
5. Barnsley College, Chesterfield College, Dearne Valley College, Doncaster College, the RNN group, and Sheffield College to develop their strategies for the delivery and growth of apprenticeships, responding to the priorities agreed through the review. For some institutions, this is expected to lead to the establishment of a shared apprenticeship company. The implementation period for the

## **Strategic Report (continued)**

- commercial strategies will be the 12 months following the area review and will be driven and supported through the implementation group (recommendation 6).
6. An implementation group to be formed to support and monitor delivery of the recommendations of this review. The group will include the Combined Authority/LEP and the colleges involved in the review, together with local authorities, EFA, SFA, BIS and any other stakeholders required during the implementation phase.
  7. The Combined Authority/LEP to commission full curriculum mapping of all post 16 education in the Sheffield City Region, building on the work already undertaken through this review, to inform their future skills commissioning and investments.

After further consideration, Doncaster College's Board of Governors decided not to pursue the merger with Barnsley College. However, both colleges are committed to working in partnership with Sheffield City Region to pursue alternative options for collaboration that will benefit learners and businesses.

### **Financial performance indicators**

The Board of Governors wishes to ensure that the college remains financially sound, protecting itself from unforeseen adverse changes in revenue streams, generating sufficient income to enable maintenance and improvement of its accommodation and equipment, and servicing its debt costs.

The college has ambitious growth plans and will continually focus on value for money in everything it does. In order to deliver its non-financial objectives it is critical for the college to have a robust financial platform.

Its high-level financial objectives are:

- To deliver strong sustainable cash flows
- To grow and diversify the revenue base
- To generate sufficient surpluses to enable servicing of debt and financial stability
- To meet lending covenants set out by our bankers and other lending institutions.

This will be achieved through:

- The continuing prioritisation of Business Planning and Performance Review systems, delivering:
- Strong financial planning and budgetary control
- Transparency in decision making processes
- Accountability and budget ownership
- The implementation of our HR strategy, delivering an appropriate staffing resource with high levels of flexibility and skills
- Revenue targeting and growth, developing a diversified business model and reducing reliance on core funding
- Development of new facilities, delivering up-to-date and high quality teaching and learning resources
- Investment in Information Learning Technology, delivering innovation in curriculum delivery and improving curriculum efficiency.

The college is committed to observing the importance of sector measures and indicators and uses 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. The college is assessed by the Skills Funding Agency as having a "Satisfactory" financial health grading. The current rating of Satisfactory is considered an acceptable outcome.

### **Financial results**

Overall group revenue was £50m. The group has adopted FRS102 for the first time in the financial statements for the year ended 31 July 2016, which required restatement of prior year amounts. Full details of the impact of transition is given in Note 26.

The group's operating position before interest and depreciation ("EBITDA") was a surplus of £5.9m.

## **Strategic Report (continued)**

The group delivered a surplus of £8,595k after:

- release of deferred capital grants of £9,181k
- depreciation charges of £4,985k
- bank interest and pension finance costs of £1,469k
- legal case expenditure of £1,592k.

The group made contributions of £2.2m to the Local Government Pension Scheme (LGPS), Teachers' Pension Scheme (TPS) and other pension schemes during the year.

The group generated operating cash flows of £4.7m from operations which have been reinvested in capital assets.

Tangible fixed asset additions during the year amounted to £7.6m. This was split between building work of £6.6m and equipment and fixtures of £1m. Major building works included construction of the new Sixth Form College and the new Construction Centre.

The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the FE funding bodies provided 78% of the group'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.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the college's Financial Memorandum previously agreed with the Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

### **Cash flows and liquidity**

At £4.7 million (2014/15 £8.7m), net cash flow from operating activities was strong.

During the year the college increased its borrowing by £9.1m in order to finance the Sixth Form College and Construction Centre.

The size of the college's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded. Banking covenants are all met for 2015/16.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2015 to 31 July 2016, the college paid 95 per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

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

The college and its subsidiary, Barnsley College Development Company Ltd, settled a significant legal claim for damages in relation to past building works in November 2016. The compensation from the settlement is included in the consolidated group financial statements. A provision for the expected cost of remedial works is also included within provisions. The college has incurred a significant amount of legal and professional fees during the case. An estimate of the cost reimbursement due to the college from the defendants has been provided for as income.

## **Strategic Report (continued)**

### **Future prospects**

There are a number of future opportunities the college the college is seeking to maximise. Demographics in the area indicate an increased cohort of 16-18 year olds over the coming years. The new Sixth Form building and significantly improved results provide opportunity for growth in A levels. The college is seeking to develop its offer across a range of curriculum areas at higher levels through Higher Education and degree apprenticeships.

### **Strategic priorities for 2016/17**

- Significantly improve English and maths
- Deliver whole college outstanding performance
- Invest in IT and ILT to improve the learner experience
- Deliver a sustainable, outstanding Sixth Form College
- Ensure a positive outcome from the Area Based Review
- Innovatively collaborate with employers to develop and grow a highly responsive offer that is aligned to local and LEP priorities
- Maintain EFA 14-24 classroom based funding and numbers
- Enhance the reputation and quality of Higher Education to increase participation rates at UCB

### **Resources**

The college has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main college site, a new Sixth Form College and Construction Centre building.

### **Financial**

The college has £63m of net assets (including £12.7m pension liability) and long term debt of £23.9m.

### **People**

The college employs 704 people (expressed as full time equivalents), of whom 311 are teaching staff.

### **Reputation**

The college has a good reputation locally and nationally. Maintaining and building upon a strong college brand is essential for the college's success at attracting students and external relationships.

### **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 Senior Management Team undertakes 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 Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the college.

A Board Assurance Framework (risk register) is maintained at the college level which is reviewed twice a year by the Audit Committee and more frequently where necessary. The Board Assurance Framework 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.

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.

### **Protecting Tertiary status**

With Government policy focused on increased competition, free schools and academies may result in a proliferation of schools and academy sixth forms in the area which will impact upon the college's student recruitment and income.

### **Delivery of high quality English and mathematics**

English and mathematics is a condition of funding therefore the college must ensure all learners required by the funding rules to study these subjects are enrolled. In addition to the funding implications attracting and retaining suitably qualified staff in this area is critical to learners' success rates.

## **Strategic Report (continued)**

### **Quality and Teaching and Learning**

The college is graded as Outstanding by Ofsted. Maintaining Outstanding status under the new Common Inspection Framework is important in relation to reputation and student performance.

### **Government funding**

The college has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2015/16, 78% of the college's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The college is aware of several issues which may impact on future funding, notably apprenticeship reforms and the devolution of the adult budget.

The college in conjunction with key stakeholders is developing strategy for growth in response to the devolution agenda and the apprenticeships reform. The introduction of the apprenticeship levy will significantly change the marketplace.

This risk is 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
- Regular dialogue with funding bodies.

### **Maintain adequate funding of pension liabilities**

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

### **Stakeholder Relationships**

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

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers (with specific links)
- Local authorities
- Local Enterprise Partnerships (LEPs)
- Local schools
- The local community
- Other FE institutions
- MPs
- 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.

### **Equal opportunities**

Barnsley 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, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The college has a no tolerance policy towards bullying, harassment and victimisation and actively tackles the behaviours which transgress this policy.

## **Strategic Report (continued)**

The college's Single Equality Scheme and action plan are published on the college's internet site and are monitored regularly by the Senior Management Team and the Board of Governors.

The college considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues. The college's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

### **Disability statement**

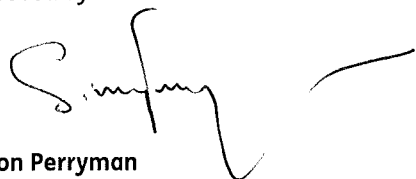
The college seeks to achieve the objectives set down in the Equality Act 2010:

- a) The college's Student Services and Additional Learning Support (ALS) departments provide information, advice and arranges support where necessary for students with disabilities.
- b) There is a list of specialist equipment, such as radio aids, which the college can make available for use by students and a range of assistive technology is available from the ALS department.
- c) The Admissions Policy for all students is described in the college IAG Policy. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
- d) The college has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of Student Support staff who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard college format.
- f) Counselling and welfare services are described in the college Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

### **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 13 December 2016 and signed on its behalf by:



**Simon Perryman**  
Chair of Governors



## **Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2015 to 31 July 2016 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

The college is committed to exhibiting best practice in all aspects of corporate governance and in particular the college has adopted and complied with the Code. The college has not adopted and therefore does not apply the UK Corporate Governance Code. However, the college has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code it considers to be relevant to the further education sector and best practice.

In the opinion of the Governors, the college complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 14 July 2015.

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.

## Statement of Corporate Governance and Internal Control (continued)

### The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Date of appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
T Abbott	01-Sep-16	when ceases to be a student	n/a	Student	Q&S	
G Beever	23-Mar-10 Reappointed 11-Mar-14	4 years	n/a		F&R R	63%
P Bird	27-Mar-12	4 years	26-Mar-16	Staff	A (to 19-Oct-15) Q&S	100%
S Burkinshaw	13-Dec-16	4 years	n/a		Q&S	
C Booth	01-Oct-08	n/a	25-Sep-15	Principal & Member	F&R G&S Q&S	
N Bowen	16-Jul-13	4 years	n/a	Vice Chair Chair of Q&S	Q&S, R, G&S	75%
S Brian	11-Mar-14	4 years	n/a		F&R	75%
P Clarkson	01-Sep-16	4 years	n/a	Staff	Q&S	
R Dewar	17-Mar-15	4 years	16-Dec-16	Chair of F&R	F&R	63%
K Dickinson	16-Dec-16	4 years	n/a	Chair of F&R	F&R	
R Eccleston	14-Jul-15	4 years	09-Aug-16		Q&S	38%
E Holmes	14-Jul-15	When ceases to be a student	31-Jul-16	Student	Q&S	88%
R Hooley	17-May-16	4 years	n/a	Staff	Q&S	
P Jagger	20-Oct-15	4 years	n/a	Vice Chair	F&R G&S R	86%
R Kent	14-Jul-15	When ceases to be a student	31-Jul-16	Student	Q&S	63%
B Mansford	09-Nov-15	4 years	27-Jul-16		Q&S	72%
G McSkimming	12-May-09 Reappointed 12-May-13	4 years	n/a		F&R R	100%

**Statement of Corporate Governance and Internal Control (continued)**

Name	Date of appointment	Term	Date of resignation	Status	Committees served	% of Corporation meetings attended
C Moss	13-Dec-16	4 years	n/a		Q&S	
C Partridge	21-Oct-14	4 years	n/a	Chair of Audit	A	88%
S Perryman	09-Sep-15	4 years	n/a	Chair of Board	G&S R F&R – from 18-Oct-16	88%
R Pourali	19-Oct-10 reappointed 21-Oct-14	4 years	n/a		G&S	88%
D Shepherd	21-Oct-14	4 years	n/a		A (from 20-Oct-15) G&S to 31-Jul-16 Q&S from 01-Sept-16	75%
J Thirkell	24-Jul-07 Reappointed 16-May-11 and 14-Jul-15	4 years	07-Nov-15	Chair of Board	F&R G&S Q&S R	n/a
S Turton	17-Mar-15	4 years	n/a		A	50%
C Webb	28-Sep-15	When ceases to be Principal	n/a	Principal and Member	F&R G&S Q&S	88%
M Wesson	11-Mar-14	4 years	08-Jul-16		A	34%

Key to Committees: G&S – Governance and Search  
F&R – Finance and Resources  
Q&S – Quality and Standards  
A – Audit  
R – Remuneration.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Under the powers provided by the Further Education Corporation Modification Order 2012, the Corporation revised and approved its Instrument and Articles of Government with effect from 1 August 2013. 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 personnel-related matters such as health and safety and environmental issues.

The Corporation meets on a termly basis.

## **Statement of Corporate Governance and Internal Control (continued)**

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 are *Governance and Search (G & S)*, *Finance and Resources (F & R)*, *Quality and Standards (Q & S)*, *Audit and Remuneration*. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Board at:

Barnsley College  
PO Box 266  
Church Street  
Barnsley  
S70 2YW

The Clerk 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 who is responsible to the Board 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 board meetings. Briefings are also provided on an *ad hoc* basis.

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 Chair and Accounting Officer are separate.

### **Remuneration Committee**

Throughout the year ending 31 July 2016, the college's Remuneration Committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and conditions of service of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2016 are set out in note 6 to the financial statements.

### **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 Governance and Search committee, consisting of five members of the Corporation which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

### **Corporation performance**

The Board evaluated its performance at the end of the year through individual 1:1s with the Chair, a Committee Effectiveness survey, reviewed the effectiveness of the Chair's performance and mapped compliance against the Code of Good Governance, for which the Board has due regard. The results of the surveys were discussed at G&S and shared with the Board at its autumn meeting. In the furtherance of good governance, the Board is engaging an external consultant to facilitate a Board effectiveness session in 2016/17.

All new governors have completed a comprehensive induction process and ongoing training and support is available through in-house and externally organised events. Governors have attended regional AoC Induction events and regional Governor Council network meetings throughout the year and have received training on Safeguarding/Prevent duties.

### **Audit Committee**

The Audit Committee comprises five members of the Corporation (excluding the Accounting Officer and Chairman). The Committee operates in accordance with written terms of reference approved by the Corporation.

## **Statement of Corporate Governance and Internal Control (continued)**

The Audit Committee meets on at least a termly basis and provides a forum for reporting by the college's internal, regularity and financial statements auditors, who have access to the committee for independent discussion, without the presence of college management. The committee also receives and considers reports from the main FE funding bodies, as they affect the college's business.

The college's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

### **Internal control**

#### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Financial Agreement between Barnsley College and the Skills Funding Agency (SFA). He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barnsley College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

#### *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 period ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body 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

## **Statement of Corporate Governance and Internal Control (continued)**

- the adoption of formal project management disciplines, where appropriate.

Barnsley College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the internal audit provider provides the governing body with a report on internal audit activity in the college. The report includes the HIA's independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

### *Review of effectiveness*

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 work of the internal auditors
- the work of the executive managers within the college who have responsibility for the development and maintenance of the internal control framework
- comments made by the college's financial statements auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management 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 Senior Management Team and the Audit Committee also receive regular reports from internal audit 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 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 Board meeting on 13 December 2016, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2016.

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 assurance 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".

### **Going concern**

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

Approved by order of the members of the Corporation on 13 December 2016 and signed on its behalf by



**Simon Perryman**  
Chair of Governors



**Chris Webb**  
Accounting Officer



**Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding**

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the college and the Skills Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the college, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the college's Financial Memorandum.

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



**Chris Webb**  
Accounting Officer  
13 December 2016



**Simon Perryman**  
Chair of Governors  
13 December 2016

## **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 Financial Memorandum between the Skills Funding Agency and the Corporation of the college, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2015 to 2016* issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the college and the result for that year.

In preparing the financial statements, the Corporation is required to:

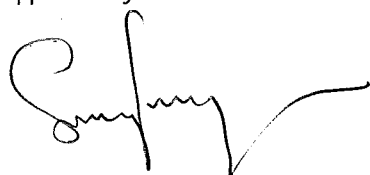
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The Corporation is also required to prepare a *Strategic Report* which describes what it is trying to do and how it is going about it, including the legal and administrative status of the college. The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the college, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the college and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the college's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 13 December 2016 and signed on its behalf by:



**Simon Perryman**  
Chair

## **Independent auditor's report to the Corporation of Barnsley College**

We have audited the financial statements of Barnsley College for the year ended 31 July 2016 which comprise Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. 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 FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the College's Corporation, as a body, in accordance with Article 16 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Corporation and auditor**

As explained more fully in the Statement Responsibilities of the Corporation set out on page 38, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2016 and of the Group's surplus of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

### **Matters on which we are required to report by exception**

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

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



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds, England

19 December 2016

## **Reporting accountant's assurance report on regularity**

### **To the corporation of Barnsley College and Secretary of State for Education acting through Skills Funding Agency and Education Funding Agency**

In accordance with the terms of our engagement letter dated 25 October 2016 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Barnsley College during the period from 1 August 2015 to 31 July 2016 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in June 2016. In accordance with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the Corporation of Barnsley College, as a body, and the Skills Funding Agency, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Barnsley College and Skills Funding Agency those matters we are required to state in a limited assurance 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 Barnsley College as a body, and Skills Funding Agency as a body, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Barnsley College and the reporting accountant**

The corporation of Barnsley College is responsible, under the requirements of the Further and 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.

Our responsibilities for this engagement are established in the United Kingdom as imposed by the law, professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. 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 period from 1 August 2015 to 31 July 2016 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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 of the college's income and expenditure.

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

## Reporting accountant's assurance report on regularity (continued)

### 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 period from 1 August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Grant Thornton UK LLP  
Chartered Accountants  
Leeds, England  
19 December 2016

**Consolidated Statements of Comprehensive Income**

	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Group £'000	College £'000	Group £'000	College £'000
<b>Income</b>					
Funding body grants	2	38,645	38,645	34,261	34,261
Tuition fees and education contracts	3	6,607	6,522	6,494	6,494
Other income	4	4,725	2,545	1,488	1,322
Investment income	5	5	5	14	13
<b>Total income</b>		<b>49,982</b>	<b>47,717</b>	<b>42,257</b>	<b>42,090</b>
<b>Expenditure</b>					
Staff costs	6	23,350	23,241	23,025	22,844
Other operating expenses	7	11,583	9,461	10,756	10,732
Depreciation	11	4,985	4,985	3,922	3,922
Interest and other finance costs	8	1,469	1,469	1,220	1,220
<b>Total expenditure</b>		<b>41,387</b>	<b>39,156</b>	<b>38,923</b>	<b>38,718</b>
<b>Surplus before other gains and losses</b>		<b>8,595</b>	<b>8,561</b>	<b>3,334</b>	<b>3,372</b>
Loss on disposal of assets	11	-	-	-	-
Impairment	9	-	-	(107)	(107)
<b>Surplus before tax</b>		<b>8,595</b>	<b>8,561</b>	<b>3,227</b>	<b>3,265</b>
Taxation	10	-	-	-	-
<b>Surplus for the year</b>		<b>8,595</b>	<b>8,561</b>	<b>3,227</b>	<b>3,265</b>
Actuarial gain/(loss) in respect of pensions schemes	23	730	730	(1,993)	(1,993)
<b>Total Comprehensive Income for the year</b>		<b>9,325</b>	<b>9,291</b>	<b>1,234</b>	<b>1,272</b>



**Consolidated and College Statement of Changes in Reserves**


	<b>£'000</b>
<b>Group</b>	
<b>Restated Balance at 1 August 2014</b>	52,787
Surplus from the income and expenditure account	3,227
Other comprehensive income	(1,993)
	<u>1,234</u>
<b>Balance at 31 July 2015</b>	<u>54,021</u>
Surplus/(deficit) from the income and expenditure account	8,595
Other comprehensive income	730
<b>Total comprehensive income for the year</b>	<u>9,325</u>
<b>Balance at 31 July 2016</b>	<u><u>63,346</u></u>
 <b>College</b>	
<b>Restated Balance at 1 August 2014</b>	52,754
Surplus from the income and expenditure account	3,265
Other comprehensive income	(1,993)
	<u>1,272</u>
<b>Balance at 31 July 2015</b>	<u>54,026</u>
Surplus from the income and expenditure account	8,561
Other comprehensive income	730
<b>Total comprehensive income for the year</b>	<u>9,291</u>
<b>Balance at 31 July 2016</b>	<u><u>63,317</u></u>

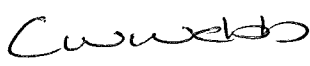
**Barnsley College**  
Financial Statements  
For the year ended 31 July 2016

**Balance Sheets as at 31 July**

	Notes	Group	College	Group	College
		2016	2016	2015	2015
		£'000	£'000	£'000	£'000
<b>Non current assets</b>					
Tangible Fixed assets	11	101,621	101,621	99,023	99,023
Investments	12	-	-	-	-
		<b>101,621</b>	<b>101,621</b>	<b>99,023</b>	<b>99,023</b>
<b>Current assets</b>					
Stocks		120	120	124	124
Trade and other receivables	13	5,047	2,908	3,166	2,779
Assets held for resale	11	1,941	1,941	1,941	1,941
Cash and cash equivalents	18	3,293	3,270	1,030	981
		<b>10,401</b>	<b>8,239</b>	<b>6,261</b>	<b>5,825</b>
<b>Less: Creditors – amounts falling due within one year</b>	14	<b>(7,362)</b>	<b>(7,349)</b>	<b>(20,092)</b>	<b>(19,651)</b>
<b>Net current assets/(liabilities)</b>		<b>3,039</b>	<b>890</b>	<b>(13,831)</b>	<b>(13,826)</b>
<b>Total assets less current liabilities</b>		<b>104,660</b>	<b>102,511</b>	<b>85,192</b>	<b>85,197</b>
Creditors – amounts falling due after more than one year	15	(24,317)	(24,317)	(16,487)	(16,487)
<b>Provisions</b>					
Defined benefit obligations	17	(12,680)	(12,680)	(12,544)	(12,544)
Other provisions	17	(4,317)	(2,197)	(2,140)	(2,140)
<b>Total net assets</b>		<b>63,346</b>	<b>63,317</b>	<b>54,021</b>	<b>54,026</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		63,346	63,317	54,021	54,026
<b>Total unrestricted reserves</b>		<b>63,346</b>	<b>63,317</b>	<b>54,021</b>	<b>54,026</b>

The financial statements on pages 32 to 57 were approved and authorised for issue by the Corporation on 13 December 2016 and were signed on its behalf on that date by:

  
**Simon Perryman**  
Chair

  
**Chris Webb**  
Accounting Officer

**Consolidated Statement of Cash Flows**

	Notes	2016 £'000	2015 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		8,595	3,327
<b>Adjustment for non-cash items</b>			
Depreciation		4,985	4,029
Deferred capital grants		(9,181)	(1,679)
Decrease/(increase) in stocks		4	(26)
(Increase)/decrease in debtors		(1,881)	592
(Decrease)/Increase in creditors due within one year		(1,799)	943
Decrease in creditors due after one year		(78)	(54)
Increase/(decrease) in provisions		2,177	(5)
Pensions costs less contributions payable		411	254
Taxation		-	-
<b>Adjustment for investing or financing activities</b>			
Investment income		(5)	(14)
Interest payable		1,469	1,220
Taxation paid		-	-
Loss on sale of fixed assets		-	68
<b>Net cash flow from operating activities</b>		<u>4,697</u>	<u>8,655</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	13
Investment income		5	14
Payments made to acquire fixed assets		(9,796)	(16,242)
		<u>(9,791)</u>	<u>(16,215)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(979)	(775)
Interest element of finance lease rental payments		(35)	(45)
New unsecured loans		9,084	5,770
Repayments of amounts borrowed		(579)	(515)
Capital element of finance lease rental payments		(134)	(125)
		<u>7,357</u>	<u>4,310</u>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<u><u>2,263</u></u>	<u><u>(3,250)</u></u>
 Cash and cash equivalents at beginning of the year	20	1,030	4,280
 Cash and cash equivalents at end of the year	20	3,293	1,030

## **Notes to the Accounts**

### **Statement of accounting policies and estimation techniques**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### **Basis of preparation**

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015 to 2016* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the college's accounting policies.

### **Transition to the 2015 FE HE SORP**

The college is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the college has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the college is provided in note 26.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1 August 2014, the college has retained the carrying values of freehold properties as being deemed cost and measured at fair value
- Lease incentives – the college has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition
- The college has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the college balance sheet discloses for cash at both the current and preceding reporting dates.

### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, as modified by the use of previous valuations as deemed cost for certain non-current assets at the transition to FRS 102 date.

### **Basis of consolidation**

The consolidated financial statements include the college and its subsidiaries, Barnsley College Development Company Limited and Think Barnsley Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2016.

### **Going concern**

The activities of the college, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the college, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

## **Notes to the Accounts (continued)**

The college currently has £25m of loans outstanding with bankers, £7.4m of which is drawn on convertible revolving credit facilities. In addition, the college has an overdraft facility. Total remaining headroom on borrowing facilities at 31 July 2016 was £2m. The college is expecting significant proceeds from the sale of assets within 2016/17. Consideration has been given to late receipt or reduced values from asset sales alongside the college's latest three year financial plan assumptions and principal risks. The college has considered the impact of sensitivities on cash flows and banking covenants until December 2017 and believes any alternative courses of action would be affordable.

Accordingly the college has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### **Recognition of income**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Grants (including research grants) from non-government sources are recognised in income when the college is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants and any other capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met as permitted by FRS 102.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

All income from short-term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

### **Accounting for post-employment benefits**

Post-employment benefits to employees of the college are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

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 qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the college is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme

## **Notes to the Accounts (continued)**

assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other 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. Any unused benefits are accrued and measured as the additional amount the college expects to pay as a result of the unused entitlement.

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a 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 the college's 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 bodies.

### **Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

### **Land and buildings**

Land and buildings acquired since incorporation are included in the balance sheet at cost or deemed cost on transition. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of between 10, 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account when the performance conditions specified within the capital grant are met.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

### **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July 2016. They are not depreciated until they are brought into use.

### **Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the college, in which case it is capitalised and depreciated on the relevant basis.

### **Equipment**

Equipment costing less than £1,000 per individual item (£150 in respect of IT equipment) is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the college of between one and ten years. All other capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Motor vehicles and general equipment      3 years
- Computer equipment      3 years
- Furniture and Fittings      5 years

## **Notes to the Accounts (continued)**

Software costing more than £40,000 is capitalised at cost and depreciated on a straight line basis over its useful economic life between three and seven years.

### **Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the college substantially all the benefits and risks of 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) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### **Investments**

#### **Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

### **Inventories**

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

### **Financial liabilities and equity**

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 loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### **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 is partially exempt in respect of Value Added Tax, so that it can only recover circa 2% of the VAT charged on its inputs. All VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature, with any partial recovery netted off against these figures.

The college's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### **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 a reliable estimate can be made of the amount of the obligation.

## **Notes to the Accounts (continued)**

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. 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 measured reliably.

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 discretionary support funds and AGE grants for employers. 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 and are shown separately in note 25, except for the 5% of the grant received which is available to the college to cover administrative costs relating to the grant.

### **Key accounting judgements and estimates**

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

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

##### **Leases**

Determine 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.

##### **Impairment**

Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

##### **Other key sources of estimation uncertainty**

##### **Tangible fixed assets**

Tangible fixed assets, other than investment properties, 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 and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### **Legal case cost recovery and cost of remedial works**

The amount paid to the college for reimbursement of costs incurred through the legal case are to be determined. An estimate based on advice from the college legal advisers has been included within income. The cost of remedial works required to the Old Mill Lane building has been estimated and included within provisions.

##### **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



**Notes to the Accounts (continued)**

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Skills Funding Agency	6,271	6,271	4,534	4,534
Education Funding Agency	22,781	22,781	24,952	24,952
Higher Education Funding Council	412	412	606	606
<b>Specific grants</b>				
Skills Funding Agency	-	-	2,490	2,490
Releases of government capital grants	9,115	9,115	1,672	1,672
HE grant	66	66	7	7
<b>Total</b>	<b>38,645</b>	<b>38,645</b>	<b>34,261</b>	<b>34,261</b>

3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	528	528	509	509
Fees for FE loan supported courses	340	340	411	411
Fees for HE loan supported courses	2,863	2,863	3,126	3,126
International students fees	207	207	152	152
Total tuition fees	3,938	3,938	4,198	4,198
Education contracts	2,669	2,584	2,296	2,296
<b>Total</b>	<b>6,607</b>	<b>6,522</b>	<b>6,494</b>	<b>6,494</b>

4 Other income	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	542	542	474	474
Other income generating activities	262	262	568	458
Farming activities	324	324	218	218
Miscellaneous income	3,597	1,417	228	172
<b>Total</b>	<b>4,725</b>	<b>2,545</b>	<b>1,488</b>	<b>1,322</b>

5 Investment income	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	5	5	14	13
<b>Total</b>	<b>5</b>	<b>5</b>	<b>14</b>	<b>13</b>

**Notes to the Accounts (continued)**

**6 Staff costs**

	2016 Group No.	2016 College No.	2015 Group No.	2015 College No.
Teaching staff	311	311	316	316
Non-teaching staff	393	379	398	384
	<b>704</b>	<b>690</b>	<b>714</b>	<b>700</b>
<b>Staff costs for the above persons</b>				
	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Wages and salaries	18,939	18,834	19,184	19,018
Social security costs	1,296	1,292	1,228	1,220
Other pension costs	3,115	3,115	2,613	2,606
<b>Total Staff costs</b>	<b>23,350</b>	<b>23,241</b>	<b>23,025</b>	<b>22,844</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college. They encompass the Senior Leadership Team, who through their weekly meetings direct the strategic direction of the College. The key management personnel are listed on page 3. Staff costs include compensation paid to key management personnel for loss of office.

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

	2016 No.	2015 No.
The number of key management personnel including the Accounting Officer was:	10	11

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

	Key management personnel		Other staff	
	2016 No.	2015 No.	2016 No.	2015 No.
£30,001 to £40,000 p.a.	1	-	-	-
£40,001 to £50,000 p.a.	1	-	-	-
£50,001 to £60,000 p.a.	-	2	-	-
£60,001 to £70,000 p.a.	3	4	2	2
£70,001 to £80,000 p.a.	2	1	-	-
£80,001 to £90,000 p.a.	1	1	-	-
£90,001 to £100,000 p.a.	1	1	-	-
£100,001 to £120,000 p.a.	-	-	-	-
£120,001 to £140,000 p.a.	-	1	-	-
£140,001 to £160,000 p.a.	1	-	-	-
£160,001 to £180,000 p.a.	-	-	-	-
£180,001 to £200,000 p.a.	-	1	-	-
	<b>10</b>	<b>11</b>	<b>2</b>	<b>2</b>

## Notes to the Accounts (continued)

Key management personnel emoluments are made up as follows:

	2016 £'000	2015 £'000
Salaries	747	895
Benefits in kind	-	-
	<u>747</u>	<u>895</u>
Pension contributions	81	95
<b>Total emoluments</b>	<u>828</u>	<u>990</u>

There were no amounts due to key management personnel that were waived in the year. One member of key management had a salary sacrifice arrangements in place.

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

	2016 £'000	2015 £'000
Salary	146	198
Benefits in kind	-	-
	<u>146</u>	<u>198</u>
Pension contributions	21	21
	<u>167</u>	<u>219</u>

## 7 Other operating expenses

	2016 Group £'000	2016 College £'000	2015 Group £'000	2015 College £'000
Teaching costs	2,499	2,499	2,904	2,904
Non-teaching costs	5,230	5,108	5,892	5,868
Premises costs	3,854	1,854	1,960	1,960
<b>Total</b>	<u>11,583</u>	<u>9,461</u>	<u>10,756</u>	<u>10,732</u>

### Other operating expenses include:

	2016 £'000	2015 £'000
Auditors' remuneration:		
Financial statements audit*	35	29
Internal audit**	27	27
Other services provided by the financial statements auditor - taxation compliance	15	7
Hire of assets under operating leases	<u>248</u>	<u>368</u>

\* includes £32,000 in respect of the college (2014/15 £26,000)

\*\* includes £27,000 in respect of the college (2014/15 £27,000)

**Notes to the Accounts (continued)**

**8 Interest and other finance costs – Group and College**

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans	979	775
On finance leases	35	45
Pension finance costs (note 23)	455	400
<b>Total</b>	<b>1,469</b>	<b>1,220</b>

**9 Property strategy costs**

	2016	2015
	£'000	£'000
Impairment	-	102
Demolition costs	-	5
<b>Total</b>	<b>-</b>	<b>107</b>

**10 Taxation**

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

**11 Tangible fixed assets (Group and College)**

	Freehold Land and buildings	Assets in the course of construction	Equipment	Furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2015	78,072	23,731	8,101	5,761	115,665
Additions	193	6,770	427	193	7,583
Transfers	23,822	(30,501)	907	5,772	-
Disposals	-	-	-	-	-
<b>At 31 July 2016</b>	<b>102,087</b>	<b>-</b>	<b>9,435</b>	<b>11,726</b>	<b>123,248</b>
<b>Depreciation</b>					
At 1 August 2015	9,101	-	5,399	2,142	16,642
Charge for the year	2,355	-	1,660	970	4,985
Elimination in respect of disposals	-	-	-	-	-
<b>At 31 July 2016</b>	<b>11,456</b>	<b>-</b>	<b>7,059</b>	<b>3,112</b>	<b>21,627</b>
<b>Net book value at 31 July 2016</b>	<b>90,631</b>	<b>-</b>	<b>2,376</b>	<b>8,614</b>	<b>101,621</b>
Net book value at 31 July 2015	68,971	23,731	2,702	3,619	99,023

## Notes to the Accounts (continued)

The assets held for sale include a plot of land at Carrington Avenue which is due to be sold in 2016 and is held at its expected net proceeds of £1,831k. 3.31 acres of the college's Honeywell site which is also due to be sold in 2016/17 and is held at a historical cost of £110k.

At 1 August 2014, two buildings and a plot of land were revalued as part of the FRS 102 transition. The buildings included within fixed assets were revalued at £9.2m, the land that had been previously held without value in the accounts was revalued at £1.8m. Building valuations were carried out by a RICS surveyor and are based on depreciated replacement cost. Land is valued at market value for residential development.

If inherited land and buildings had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	7,276
Aggregate depreciation based on cost	1,350
<b>Net book value based on cost</b>	<b>5,926</b>

Land and buildings includes land valued at £1.7m that is not depreciated.

The net book value of equipment includes an amount of £419k (2014/15 – £562k) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £143k (2014/15 – £143k).

### 12 Non-current investments

	College 2016 £	College 2015 £
Investments in subsidiary companies	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

The college owns 100 per cent of the issued ordinary £1 shares of Barnsley College Development Company Limited, a company incorporated in England and Wales. The principal business of Barnsley College Development Company Limited is property development.

The college appoints the Directors of Think Barnsley, a limited company by guarantee and incorporated in England and Wales, and is therefore considered to exercise control. The principal business of the company is to provide employment opportunities for apprentices.

### 13 Debtors

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts falling due within one year:				
Trade receivables	580	564	1,352	1,312
Amounts owed by subsidiary undertakings	-	-	-	30
Prepayments and accrued income	528	528	749	749
Other debtors	3,495	1,375	32	32
Amounts owed by HMRC	-	-	377	-
Amounts owed by funding bodies	444	441	656	656
<b>Total</b>	<b>5,047</b>	<b>2,908</b>	<b>3,166</b>	<b>2,779</b>

**Notes to the Accounts (continued)**

**14 Creditors: amounts falling due within one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	959	959	536	536
Other loans	55	55	18	18
Obligations under finance leases	145	145	163	163
Trade payables	1,189	1,192	4,776	1,864
Amounts owed to subsidiary undertakings	-	-	-	2,457
Other taxation and social security	510	505	431	522
Accruals and deferred income	4,315	4,304	4,819	4,742
Deferred income - government capital grants	-	-	9,086	9,086
Amounts owed to funding bodies	189	189	263	263
<b>Total</b>	<b>7,362</b>	<b>7,349</b>	<b>20,092</b>	<b>19,651</b>

**15 Creditors: amounts falling due after one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	23,855	23,855	15,878	15,878
Other loan	129	129	53	53
Obligations under finance leases	281	281	426	426
Other creditor	52	52	130	130
<b>Total</b>	<b>24,317</b>	<b>24,317</b>	<b>16,487</b>	<b>16,487</b>

**16 Maturity of debt**

**(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	959	959	536	536
Between one and two years	1,235	1,235	1,286	1,286
Between two and five years	3,781	3,781	2,754	2,754
In five years or more	18,839	18,839	11,838	11,838
<b>Total</b>	<b>24,814</b>	<b>24,814</b>	<b>16,414</b>	<b>16,414</b>

**Notes to the Accounts (continued)**

The college has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2016 was £6,951k. The full amount of the loan was £9,000k of which £8,424k attracted interest at a fixed rate of 6.0% per annum and the balance of £576k attracted interest at a floating rate of 1.8% above the bank's base rate. The £9,000k loan is repayable by instalments ending June 2028 and is secured by fixed charge on certain freehold buildings. Following the approval of new debt to finance a new Sixth Form College Barclays Bank increased their margin to 1.8% until July 2016; 1.9% until July 2018 and 2.0% thereafter.

The Santander loans are all unsecured. At year end there was £3,128k outstanding on a fixed term loan at 4.46% until 2029, there was also £7,335k outstanding on a further fixed term loan of which £3,650k is at a fixed interest rate of 4.81% until 2029 the remaining balance is variable at 1.80% above LIBOR until 2029. The repayments on all these loans are quarterly until 2029.

The college has a convertible revolving credit facility with Santander. At July 2016 the balance on this facility is £7,400k. The balance of this loan at April 2017 converts to a term loan with £4,440k fixed at 4.82%. All the loans are subject to covenants.

The college has received three Salix loans for a total of £218k to fund replacement lighting in the college's buildings. At July 2016, the outstanding balance of these loans was £184k.

**(b) Finance leases**

The net finance lease obligations to which the institution is committed are:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	170	170	170	170
Between two and five years	508	508	508	508
In five years or more	-	-	170	170
<b>Total</b>	<b>678</b>	<b>678</b>	<b>848</b>	<b>848</b>

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

## Notes to the Accounts (continued)

### 17 Provision for liabilities and charges

	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2015	12,544	2,140	-	14,684
Expenditure in the period	(1,150)	(132)	-	(1,282)
Additions in period	1,286	189	2,120	3,595
<b>At 31 July 2016</b>	<b>12,680</b>	<b>2,197</b>	<b>2,120</b>	<b>16,997</b>

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government pension Scheme. Further details are given in Note 23.

The enhanced pension provision relates to the cost of staff who have already left the college's employ and commitments for reorganisation costs from which the college cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2016	2015
Price inflation	1.00%	1.75%
Discount rate	2.30%	3.46%

Other provisions relate to provisions held by Barnsley College Development Company Limited. It represents an estimate of the cost to the company in fulfilling its obligations under its design and build contract with the college. The works are estimated to take two years to complete.

### 18 Cash and cash equivalents

	At 1 August 2015	Cash flows	Other changes	At 31 July 2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,030	2,263	-	3,293
<b>Total</b>	<b>1,030</b>	<b>2,263</b>	<b>-</b>	<b>3,293</b>

### 19 Capital and other commitments

	Group and College	
	2016	2015
	£'000	£'000
Commitments contracted for at 31 July	185	4,509



**Notes to the Accounts (continued)**

**20 Lease obligations**

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

	<b>Group and College</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	152	318
Later than one year and not later than five years	54	54
Later than five years	1,144	1,167
	<u>1,350</u>	<u>1,539</u>
<b>Other</b>		
Not later than one year	2	26
Later than one year and not later than five years	11	11
Later than five years	241	36
	<u>254</u>	<u>73</u>

**21 Financial assets and liabilities**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial assets measured at amortised cost</b>	8,253	3,190
<b>Financial liabilities measured at amortised cost</b>	30,570	24,643

Financial assets and liabilities reflect contractual obligations to and from the college that will be settled in cash.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals where the liability will be settled in cash.

**22 Events after the reporting period**

The college and its subsidiary, Barnsley College Development Company Ltd, settled a significant legal claim for damages in relation to past building works in November 2016. The compensation from the settlement is included in the consolidated group financial statements. A provision for the expected cost of remedial works is also included within provisions. The college has incurred a significant amount of legal and professional fees during the legal case. An estimate of the cost reimbursement due to the college from the defendants has been provided for as income.

## Notes to the Accounts (continued)

### 23 Defined benefit obligations

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 Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Yorkshire Pension Fund (SYPF). Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,414	1,143
Local Government Pension Scheme:		
Contributions paid	1,101	1,048
FRS 102 (28) charge	411	236
Charge to the Statement of Comprehensive Income	1,512	1,284
Enhanced pension charge to Statement of Comprehensive Income	189	128
<b>Total Pension Cost for Year within staff costs</b>	<b>3,115</b>	<b>2,555</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £276k (2015 £163k) were payable to the schemes at 31 July and are included within creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

## **Notes to the Accounts (continued)**

### **Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%)
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

### **Scheme Changes**

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,414,000 (2015: £1,143,000).

### **FRS 102 (28)**

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.

## Notes to the Accounts (continued)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by SYPF. The total contributions made for the year ended 31 July 2016 were £1,531,000, of which employer's contributions totalled £1,101,000 and employees' contributions totalled £430,000. The agreed contribution rates for future years are 11.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	2.0%	2.0% for 2 years then 3.95%
Future pensions increases	1.7%	2.2%
Discount rate for scheme liabilities	2.6%	3.8%
Inflation assumption (CPI)	1.7%	2.2%
Commutation of pensions to lump sums	50%	Not available

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

	At 31 July 2016 years	At 31 July 2015 years
<i>Retiring today</i>		
Males	21.2	23.0
Females	23.8	25.6
<i>Retiring in 20 years</i>		
Males	22.6	25.3
Females	25.8	28.4

**Notes to the Accounts (continued)**

The college's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Long-term rate of return expected at 31 July 2016	Fair Value at 31 July 2016 £'000	Long-term rate of return expected at 31 July 2015	Fair Value at 31 July 2015 £'000
Equity instruments		21,968	6.5%	19,368
Debt instruments		7,975	2.8%	6,587
Property		4,138	6.1%	3,750
Cash		640	0.5%	587
Other		2,897	6.5%	2,315
<b>Total fair value of plan assets</b>		<b>37,618</b>		<b>32,607</b>
<b>Weighted average expected long term rate of return</b>	<b>2.6%</b>		<b>5.6%</b>	
<b>Actual return on plan assets</b>		<b>4,659</b>		<b>2,818</b>

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

	2016 £'000	2015 £'000
Fair value of plan assets	37,618	32,607
Present value of plan liabilities	(50,298)	(45,151)
<b>Net pensions (liability)/asset</b>	<b>(12,680)</b>	<b>(12,544)</b>

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

	2016 £'000	2015 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,483	1,328
<b>Total</b>	<b>1,483</b>	<b>1,328</b>

**Amount recognised in Other Comprehensive Income**

	2016 £'000	2015 £'000
Return on pension plan assets	3,413	1,551
Changes in assumptions underlying the present value of plan liabilities	(2,683)	(3,544)
<b>Amount recognised in Other Comprehensive Income</b>	<b>730</b>	<b>(1,993)</b>

## Notes to the Accounts (continued)

### Movement in net defined benefit (liability)/asset during year

	2016	2015
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(12,544)	(9,841)
Movement in year:		
Current service cost	(1,483)	(1,328)
Employer contributions	1,101	1,048
Net interest on the defined (liability)/asset	(455)	(400)
Actuarial gain or loss	701	(2,023)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>(12,680)</b>	<b>(12,544)</b>

### Asset and Liability Reconciliation

	2016	2015
	£'000	£'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>45,151</b>	<b>38,889</b>
Current service cost	1,483	1,328
Interest cost	1,701	1,666
Contributions by Scheme participants	430	465
Changes in financial assumptions	2,683	3,544
Estimated benefits paid	(1,150)	(741)
<b>Defined benefit obligations at end of period</b>	<b>50,298</b>	<b>45,151</b>

### Changes in fair value of plan assets

	2016	2015
<b>Fair value of plan assets at start of period</b>	<b>32,607</b>	<b>29,048</b>
Interest on plan assets	1,246	1,266
Return on plan assets	3,384	1,521
Employer contributions	1,101	1,048
Contributions by Scheme participants	430	465
Estimated benefits paid	(1,150)	(741)
<b>Fair value of plan assets at end of period</b>	<b>37,618</b>	<b>32,607</b>

## 24 Related party transactions

Owing to the nature of the college's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arms' length and in accordance with the college's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the governors during the year was £1,257; 4 governors (2015: £91; 2 governors). This represents 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 subsidiaries during the year (2015: None).

**Notes to the Accounts (continued)**

**25 Amounts disbursed as agent**

**Learner support funds**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – bursary support	890	1,083
Funding body grants – discretionary learner support	358	424
	<u>1,248</u>	<u>1,507</u>
Disbursed to students	(1,040)	(1,294)
Administration costs	(35)	(52)
	<u>173</u>	<u>161</u>
Balance unspent as at 31 July, included in creditors		

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.

**AGE Grants for employers**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Unspent AGE Grants carried forward	11	98
Funding body grants – AGE grant	276	354
	<u>287</u>	<u>452</u>
Disbursed to employers	(234)	(441)
	<u>53</u>	<u>11</u>
Balance unspent as at 31 July, included in creditors		

**26 Transition to FRS 102 and the 2015 FE HE SORP**

The year ended 31 July 2016 is the first year that the college has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1 August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the college's financial position, financial performance and cash flows, is set out below.

**Notes to the Accounts (continued)**

	Note	1 August 2014		31 July 2015	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Financial Position					
Total reserves under previous SORP		51,097	51,064	58,053	58,058
Employee leave accrual	(a)	(86)	(86)	(109)	(109)
Release of non-government capital grants	(b)	57	57	53	53
Reclassification of operating leases		20	20	2	2
Revaluation of assets on transition	(e)	5,085	5,085	5,046	5,046
Reclassification of income		-	-	62	62
Reclassification of deferred capital grants	(b)	(3,386)	(3,386)	(9,086)	(9,086)
Total effect of transition to FRS 102 and 2015 FE HE SORP		1,690	1,690	(4,032)	(4,032)
Total reserves under 2015 FE HE SORP		52,787	52,754	54,021	54,026

	Year ended 31 July 2015	
	Group £'000	College £'000
<b>Financial performance</b>		
<b>Surplus for the year after tax under previous SORP</b>	3,207	3,246
Release of government grants received	722	722
Reversal of capital grants amortisation	(171)	(171)
Additional depreciation on revalued assets	(39)	(39)
Employee leave accrual	(23)	(23)
Reclassification of operating leases	(18)	(18)
Reclassification of income	62	62
Changes to measurement of net finance cost on defined benefit plans	(514)	(514)
<b>Total effect of transition to FRS 102 and 2015 FE HE SORP</b>	<u>19</u>	<u>19</u>
<b>Total comprehensive income for the year under 2015 FE HE SORP</b>	<u><u>3,226</u></u>	<u><u>3,265</u></u>



## **Notes to the Accounts (continued)**

### **a) Recognition of short term employment benefits**

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31 July each year for both teaching and non-teaching, however staff may carry over up to five days into the following holiday year. At the reporting date, there was an estimated 762 unused leave days. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £86k was recognised at 1 August 2014, and at £109k at 31 July 2015. Following a re-measurement exercise in 2015/16 there is no movement at 31 July 2016.

### **b) Capital grants accounted for under performance model**

The college has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved. The college adopted the performance model for all capital grants on transition to FRS 102.

### **c) Change in recognition of defined benefit plan finance costs**

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31 July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

### **d) Presentation of actuarial gains and losses within Total Comprehensive Income**

Actuarial gains and losses on the college's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

### **e) Value of fixed assets**

The transition to FRS 102 allows revaluation of fixed assets as the deemed cost at the date of transition without adopting a revaluation policy. The college has revalued three assets within the estate as at 1 August 2014 resulting in a £5m fixed asset value gain.