

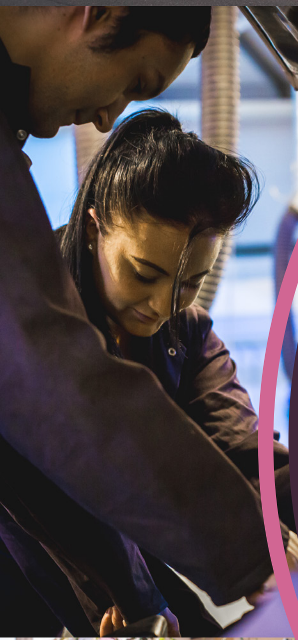

FINANCIAL REPORT

For the year end 31 July 2018



Barnsley College

BARNSLEY SIXTH FORM COLLEGE

UniversityCampus Barnsley
Part of Barnsley College

Ofsted Outstanding Provider

BARNSLEY COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

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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 2017/18:

Principal and CEO; Accounting Officer	Chris Webb
Deputy Principal	Yiannis Koursis
Vice Principal Curriculum	Liz Leek
Vice Principal Corporate Services	Tony Johnson
Vice Principal Finance	Laila Lawton
Vice Principal Funding, Data & Compliance	Vince Dalton
Vice Principal Quality & Student Experience	Phil Briscoe

Board of Governors

A full list of Governors is given on pages 16 and 17 of these financial statements.

Alison Oaks acted as Clerk to the Corporation till July 2018, Shazia Nazir acted as Clerk from July 2018.

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
11th 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

DAC Beachcroft
St Pauls House
23 Park Square South
Leeds
LS1 2ND

Operating and Financial Review

Nature, Objectives and Strategies
The members present their report and the audited financial statements for the year ended 31 July 2018.

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 pages 16 and 17.

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 2017/18
The college's 2017/18 vision was 'Transforming lives'.

College Strategic Priorities 2017/18
As part of the college's normal strategic planning process, the college's Strategic Priorities were reviewed and updated as Strategic Pillars.

Strategic Pillars:

- Quality
- Sustainability
- Reputation

Operating and Financial Review (continued)

Overall Performance

The college has two subsidiary companies. The principal business of Barnsley College Development Company Limited is property development. The principal business of the Think Barnsley Limited is to provide employment opportunities for apprentices. The Operating and Financial Review covers the group results.

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

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

These include:

- Stakeholder satisfaction
- Progress in mathematics and English
- Progress from starting point
- 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.

New apprenticeship standards continue to be developed to create new pathways into employment.

College Strategic Priorities 2017/18 Update
This section of the Financial Statements summarises the college's progress against its key strategic priorities.

Quality
Maintain Ofsted Outstanding status
As an outstanding provider the college is not subject to routine inspection. The college has not been inspected again this year. This is because performance has remained very strong and presents no risk as far as Ofsted are concerned. The college self assessed as outstanding in 2017/18.

Consistently deliver whole college outstanding Teaching, Learning and Assessment
The percentage of good or better and outstanding lessons remains very high at 97% (95% 2016/17) and 43% (46% 2016/17) respectively. The consistency quality of delivery is checked through regular walkthroughs.

Achievement rates are very high again in 2017/18 suggesting that Teaching, Learning and Assessment remains outstanding.

Deliver sector leading English and maths outcomes
Functional Skills performance has improved significantly and is outstanding and sector leading.

Functional Skills level 2 achievement rates have increased dramatically from 39% in 2016/17 to 67% in 2017/18. Overall functional skills achievement rates have also increased dramatically from 71% in 2016/17 to 83% in 2017/18.

Operating and Financial Review (continued)

The 1-9 and the 4-9 achievement rates for GCSE English and maths are slightly disappointing. The English 1-9 achievement rate is 80% and the 4-9 is 23%. The maths 1-9 achievement rate is 70% and the 4-9 is 14%.

Government policy continues to provide the college and the sector with a significant challenge. The college has to enrol all students with a prior achievement of grade 3 to a GCSE resit despite whether it is in the best interest of the student to do so. In addition 2017/18 saw the first year of revised subject content in both GCSE English and maths and a rise in the threshold required to achieve a grade 4. Revised subject content used previous A level material and several new topic areas making exams much more difficult to pass. Despite this the college has taken a number of steps to improve performance in GCSE English and maths going forward. This area of work will be a key focus in 2018/19 and there is substantial assurance that improvements will be made.

To deliver an outstanding Sixth Form
The pass rate for A level students is 98.4%, which is above the national average. The number of students sitting three A level exams has increased. 19.2% of students achieved high grades and progression to Russell Group Universities has continued to improve (UCAS returns are due in October.) Sixth Form continues to move culturally in a positive direction and greater focus on enrichment and Capital Culture is contributing to improving students' progress. An appointment of a new Principal was made and a restructure of the Sixth Form leadership team will further support the implementation of the A level linear model and continue to support improvements.

Enhance the quality of HE provision
A Quality Assurance Agency review of the college's HE provision in June 2018 found confidence in academic standards and limited confidence in the student academic experience. The only reason for the limited confidence was related to the branding and transparency of information. The college has already begun to address this.

Apprenticeship outcomes to be within the top 5% of providers
During the summer of 2016/17 a strategic decision was made to devolve the management of the apprenticeship provision from a central team to individual curriculum areas to enable greater levels of ownership and responsibility by curriculum teams. The college put a range of support systems in place to support the transition, including staff development, awarding body development days, conferences and the development of a new Senior Manager role responsible for apprenticeship development.

Barnsley College has achievement rates 11% higher than the national average, which place it in the top 10% of colleges.

The college continues to recognise the success of apprentices through regional and national awards and competitions.

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 82 frameworks and 23 standards at intermediate, advanced and higher apprenticeship levels.

Provide outstanding Information, Advice and Guidance to students
The college has a fully coordinated and highly effective approach to providing information, advice and guidance to students. This includes support before programmes begin, throughout programmes and in planning next steps. The work has been further strengthened in 2017/18 with the opening of a Job Shop which provides a one stop shop for students looking to find paid work and/or work placements and work experience.

The latest data shows a very high college-level positive progression and destination rate of 96.5%.

At the college's internal exit survey 89% of learners agreed that 'my next steps' in the college were highly effective. This figure is significantly above national averages of 84%.

Operating and Financial Review (continued)

Sustainability

Increase income from Apprenticeships

The college set a very ambitious target of apprenticeship growth. The introduction of the levy and the market has demonstrated, through the sector position, that this last year has been very difficult for the apprenticeship arena. The college managed to sustain a drop year on year of just under 5% in comparison to the sector drop of 30%. Although this meant that the target was missed the overall performance has been better that the sector. Key factors attributing to missed apprenticeship income target are the following:

1. A reduction from higher and degree apprenticeships as illustrated above.
2. Procurement and tendering processes have slowed the uptake of apprentices into large employers especially Public Sector.
3. All employers continue to reduce the levels and numbers of apprenticeships due to economic uncertainty.
4. That the 10% contribution required from non-levy employers continues to be a barrier to employing apprentices resulting in restricted sales.
5. That the 20% 'off job' training continues to be a barrier particularly for Levy employers who are using their levy to train existing employees.
6. The increased complexity bureaucracy of the new apprenticeship levy system continues to be a barrier to apprenticeship uptake.

Increase income from Higher Education

The college achieved 96% of its Higher Education income target, which is satisfactory given the increased competition by universities through unconditional offers and the shift to higher and degree apprenticeships. Retention and progression increased through introduction of better processes and the availability of top up years for more programmes.

Grow ESFA 14-24 income

The college achieved its growth target despite the demographic decline. This has been achieved through improved recruitment processes, successful marketing and increased progression and retention. The college overall has increased its market share both for the Barnsley area as well as extra district schools. This is in line with the 3 year growth plan.

Utilise the Adult Education Budget to meet with the Sheffield City Region priorities

The college commenced the year with the Adult Budget curriculum aligned with Sheffield City Region priorities. During the first quarter it became apparent that the college was in danger of under delivery. The main reasons were:

1. Emphasis on digital careers did not meet the needs of Barnsley learners
2. A focus on higher level skills meant insufficient priority was given to escalator provision
3. Key industrial sectors in Barnsley such as Catering, Warehouse and Logistics and Health did not figure in the priorities.

Around Christmas 2017 the college quickly refocused its priorities and delivered the full allocation.

Shockproof the college finances

The college has exceeded its budget and July 2017 Financial Plan. Cash generation (EBITDA) is higher than expected and this along with a decision to postpone the remedial works at Old Mill Lane has enabled the college to sustain Good financial health.

The college exceeded its financial targets.

- EBITDA target £4m, achieved £6.6m
- Debt service cover target 1.5 times, achieved 2.7 times
- ESFA Financial Health Grade target Satisfactory, achieved Good

Operating and Financial Review (continued)

Enhance the IT and ILT infrastructure to improve the user experience
The college continued to invest heavily in both the IT infrastructure and in user facing equipment. The college's WIFI and network infrastructure benefitted substantially. By the end of the year only 20% of the IT equipment used by students was more than three years old. Since the start of the current IT/ILT strategy student satisfaction has increased by 12% to 81%.

Reputation
Recognised as education provider of choice
Barnsley College has performed well as a provider of education and in developing the brand to become a recognised provider of choice. Despite a demographic dip and an increased number of Elected Home Educated learners, the college has increased market share to 89%, representing a 2% increase compared to the previous year and 1% above target. This is an increase in both Barnsley and extra district schools.

The latest learner voice questionnaire that took place in March 2018 saw a welcome increase in satisfaction levels when compared to the December 2017 results. Overall department satisfaction rates increased by +14% in Land Based Industries, +30% in Health & Social Care Professions, +24% in Business Warehousing & Logistics, +26% in Art, Design & Fashion, +16% in Childcare & Education Professions and +11% in Music Media & Performance.

Develop and protect the brand
The college continues to develop its brands positively, utilising all instances that can highlight case studies and good news. We have seen an increase in where the college is placed on Edurank, and currently sits within the top 150, a real highlight was March during the snow when the college utilised social media to comminucate with students. The college ranked at position 18 and was featured in the top 10 posts for that month.

Social media following grows month on month. Instagram was introduced in December 2017, quickly surpassing the forecast for 50 followers, currently at 554 followers. Social media channels are used to effectively promote the college. High quality video and animation is being produced as another route to market and is proving a popular way to engage with followers.

Known for excellence in employer engagement
The college has achieved an increase in the number of employers engaged by 20% in priority areas. The college developed a series of 'business breakfasts' to engage with employers locally and provide presentations to support issues that may be facing businesses at that moment in time. The Business Developments Unit's promotional literature has been refreshed to provide information for employers on how they can engage with use and the benefits of doing so. Apprenticeship recruitment remains a high priority.

Recognised as an employer of choice
The college made progress in being recognised as an employer of choice. Focus was put on internal staff progression, levels of staff satisfaction, new staff turnover and the effectiveness of recruitment processes. Staff satisfaction was high at an average of over 91% agree against the 53 questions asked in the staff survey. The response rate for the staff surveys was also high which gave confidence that the results were valid.

Staff turnover was comparable to the sector benchmark, with staff leaving within one year of recruitment meeting the internal target that was set. Internal progression in the college to fill vacancies was high and this links to the work done on succession planning and through the appraisal process. The vast majority of college vacancies were filled through the first recruitment exercise and, whilst there were some specialist areas that were difficult to recruit to, the internal target set was comfortably achieved.

Known for Stakeholder Excellence
The college is striving to work closer with stakeholders. This year we have introduced 'Chris' Dinners' to engage with local councillors, employers and MPs. There has been three successful dinners, and it is intended the college will follow the same format in the next academic year.

Operating and Financial Review (continued)

Other successful events held, include a breakfast event for the Tour de Yorkshire and the Valkyrie Club networking meeting. We also launched the Job Shop and GAINSpace, providing great opportunities to bring stakeholders into the college.

This also brought Stephanie Peacock MP to college twice, she wanted to see the Job Shop, and it provided the college with a chance to show her other areas of college including the new radio station. She visited again to talk about our Donate Take project.

There have been three breakfast meetings held at college, inviting employers to network and speakers on key topics. The last breakfast in July was in conjunction with the CBI, with their new Director of People to presenting the Perfect Harmonies paper. The college intends to run six breakfast meetings per academic year.

The College has sponsored several major events within the town including Best of Barnsley, Proud of Barnsley, Young Champions, Barnsley Cycle Race and have become major sponsors of the Barnsley Youth Choir.

Regular meetings are held with headteachers of the Barnsley Secondary Schools and our University partners. Engagement with schools is increasing, and shows in the latest FE admissions numbers as we have increased the percentage of applications from both Barnsley and extra district schools despite the demographic dip.

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 lenders

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 www.gov.uk website which looks at measures such as success rates. The college is required

Operating and Financial Review (continued)

to complete the annual Finance Record for the Education and Skills Funding Agency. The college is assessed by the Education and Skills Funding Agency as having a "Good" financial health grading. The current rating is considered an acceptable outcome.

Financial results
Overall group revenue was £38.5m (2016/17: £38.2m).

The group's operating position before interest and depreciation ("Education Specific EBITDA") was a surplus of £6.6m (2016/17: £6.6m).

The group delivered a deficit of £1,043k (2016/17: £344k) after:

- depreciation charges of £5,454k (2016/17: £5,211k)
- bank interest and pension finance costs of £1,412k (2016/17: £1,196k)

The pension costs to the group of £3.5m related 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 £6.4m from operations which has been reinvested in capital assets and retained in the bank.

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.

Tangible fixed asset additions during the year amounted to £1.9m. This was split between building work of £0.5m and equipment and fixtures of £1.4m.

The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017/18 the FE funding bodies provided 68% of the group's total income.

The ESFA Financial Health Grade for the year is Good (2016/17: Good).

Cash flows and liquidity
At £6.5m (2016/17 £7.6m), net cash flow from operating activities was strong.

During the year the college reduced its borrowing by £1.2m.

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 2017/18.

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 2017 to 31 July 2018, the college paid 93 per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

Future prospects
There are a number of future opportunities 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

Operating and Financial Review (continued)

range of curriculum areas at higher levels through Higher Education and degree apprenticeships. The college has been chosen as one of 54 to early adopt the T-Levels in 2019/20.

Strategic priorities for 2018/19
The strategic priorities provide a roadmap for the college on the journey to achieving the college's vision of transforming lives. The priorities represent the areas where resources and time will be focused to ensure that student, staff and stakeholders get the best out of Barnsley College. The strategic priorities are made up of three strategic pillars:

1. **Quality**
   Delivering a beyond outstanding experience for both students and staff and being Ofsted inspection ready is the key focus.

   Key themes underpin the college's ambition to reach outstanding and beyond, each area driving teaching and learning. These are English and maths provision; Higher Education; Information Advice and Guidance (IAG); apprenticeships; adults and the Sixth Form.

   The college aims to deliver the highest quality provision for students, staff and stakeholders to help them aspire to reach their full potential.
2. **Reputation**
   The college is proud of Barnsley and the communities it works with. It aims to continue to build strong links with students, staff, schools and businesses, reinforcing the college's place in the local community as an outstanding education provider. The college's students go on to do amazing things after leaving the college, whether that is through work or further study, and alumni prove the college is achieving the vision of transforming lives.

   As the college strives for beyond outstanding, its brand and reputation, as well as the quality and financial position, underpins the ability to recruit students and engage with external audiences.

3. **Sustainability**
   The college must be safeguarded for the future, making sure it generates enough cash each year to continue to provide and outstanding experience for students and staff during their time with the college.

   This involves investing in buildings, facilities, equipment and the IT infrastructure. To generate cash the college needs to increase in size and ensure it operates efficiently. The ultimate aim is to shock proof the financial position therefore growing income and maximising efficiency will contribute to this.

Resources
The college has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the Old Mill Lane (main college site), the Sixth Form College and the Construction Centre building.

Financial
The group has £67m (2016/17: £65m) of net assets including £9.3m (2016/17: £11.7m) pension liability and long term debt of £19.2m (2016/17: £20.6m).

People
The group employs 659 people (expressed as full time equivalents), of whom 315 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 developed further 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 pillars and goals, the Senior Leadership Team undertakes a comprehensive review of the risks to which the college is exposed and acknowledges these in the Board Assurance Framework (BAF). The

Operating and Financial Review (continued)

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 and covers assurance gained. Systems and procedures are identified which mitigate potential impact on the college and the subsequent year's annual risk management report will review effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the college.

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.

Maintain adequate funding of pension liabilities
The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the college's balance sheet in line with the requirements of FRS 102. The college forecasts accommodate for a rise in pension costs for LGPS and future rises in the Teachers' Pension contributions

Government funding
The college has considerable reliance on continued government funding through the further education sector funding bodies and through the Office for Students (previously HEFCE). In 2017/18, 82% 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.

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.

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

Operating and Financial Review (continued)

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. The college respects and values positively differences in race, gender, sexual orientation, disability, ability, class and age. The college strives vigorously to remove conditions which place people at a disadvantage and 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.

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.

Facility Time
In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish certain information on trade union officials and facility time.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to a disciplinary or grievance hearing. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.

The Regulations require the following information to be published on the employer's website:

- Table 1: The number of employees who were relevant union officials during the relevant period, and the number of full time equivalent employees
- Table 2: The percentage of time spent on facility time for each relevant union official
- Table 3: The percentage of pay bill spent on facility time
- Table 4: The number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours.

This report covers the period 1 April 2017 to 31 March 2018.

Operating and Financial Review (continued)

Table 1: Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
5	4.8

Table 2: The percentage of time spent on facility time for each relevant union official
How many of our employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of Time	Number of employees
0%	2
1-50%	3
51%-99%	0
100%	0

Table 3: The percentage of pay bill spent on facility time
Percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£5,071
Total pay bill	£23.2m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.021%

Table 4: The number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours
Hours spent by employees who were relevant union officials during the relevant period on paid trade union activities as a percentage of total paid facility time hours.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%

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 18 December 2018 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 2017 to 31 July 2018 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 2016 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 2018. 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
G Beever	23.03.10 Reappointed 11.03.14	4 years	14.03.18		F&R R	33%
S Bentley	16.10.18	When ceases to be a student	n/a	Student		66%
N Bowen	16.07.13 Reappointed 15.07.17	4 years	n/a	Vice Chair Chair of Q&S Chair of R	Q&S R	83%
S Brian	11.03.14 Reappointed 20.03.18	4 years	n/a		A R	100%
P Clarkson	01.08.16	4 years	n/a	Staff	A	67%
K Dickinson	13.12.16	4 years	n/a	Chair of F&R	F&R	83%
E Hodgson	12.12.17	When ceases to be a student	n/a	Student		60%
R Hooley	17.05.16	4 years	n/a	Staff	Q&S	67%
H Jaggar	18.07.17	4 years	n/a		F&R R	83%
C Moss	13.12.16	4 years	n/a		Q&S	83%
C Partridge	21.10.14 Reappointed 16.10.18	4 years	n/a	Chair of Audit	A G&S	67%
S Perryman	09.09.15	4 years	n/a	Chair of Board	G&S 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
R Pourali	19.10.10 Reappointed 21.10.14	4 years	09.10.17		G&S	n/a
D Shepherd	21.10.14 Reappointed 16.10.18	4 years	n/a		A Q&S	100%
S Taylor	12.12.17	4 years	n/a		F&R	100%
S Turton	17.03.15	4 years	n/a		A G&S	50%
C Webb	28.09.15	When ceases to be Principal	n/a	Principal/ CEO and Member	F&R G&S Q&S	100%
R Wood	12.12.17	When ceases to be a student	31.07.18	Student	Q&S	60%

Key to Committees:

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

Statement of Corporate Governance and Internal Control (continued)

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 five times a year.

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
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 2018, 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 2018 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 Governance and Search and shared with the Board at its autumn meeting.

Statement of Corporate Governance and Internal Control (continued)

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 Association of Colleges (AoC) induction events and regional Governor Council network meetings throughout the year and have received training on Equality and Diversity and 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.

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.

Finance & Resources Committee
The Finance & Resources Committee comprises of five members of the Corporation and meets five times per year. The Committee has a responsibility to monitor the college's financial position and overall property strategy, including capital investment. The Committee examines annual estimates and accounts (including the accounting policies upon which they are based) and recommends their approval to the Corporation. It ensures that short-term budgets are in line with agreed longer-term plans and that they are followed. It considers any other matters relevant to the financial duties of the Corporation and makes recommendations accordingly. The Committee also ensures that the Corporation has adequate information to enable it to discharge its financial responsibilities.

Governance & Search Committee
The Governance & Search Committee comprises of four members of the Corporation and meets twice a year. The committee advises the Board on the constitution of the Board and its recruitment and selection procedures. It also considers the skills required of members, terms of office and succession planning. The Committee is responsible for making recommendations to the Board on its Conduct of Business and any other governance policies.

Quality & Standards Committee
The Quality & Standards Committee comprises of six members of the Corporation and meets four times per year. The Committee's role is to monitor and advise the Board on the overall effectiveness of the performance of the college, including the quality of teaching, learning and assessment for both Further Education and Higher Education. It also determines and maintains oversight of the educational character and mission of the college to ensure there is a diverse curriculum offer to meet the needs of the community and stakeholders. The Committee meets four times each year in an advisory capacity, making recommendations for Board approval where necessary.

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

Statement of Corporate Governance and Internal Control (continued)

College and the funding bodies. 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 2018 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 2018 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
- 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 ESFA Post-16 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.

Statement of Corporate Governance and Internal Control (continued)

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 Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership 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 Leadership 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 18 December 2018, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2018.

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 Corporation and safeguarding their assets".

Going concern
After making appropriate enquiries and considering forecasts, 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 18 December 2018 and signed on its behalf by

Simon Perryman	**Chris Webb**
Chair of Governors	**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 Education and Skills Funding Agency(ESFA) of material irregularity, impropriety and non-compliance with the Education and Skills Funding Agency terms and conditions of funding, under the college's grant funding agreements and contracts with the ESFA 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 terms and conditions of funding under the college's grant funding agreements and contracts with the ESFA.

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 Education and Skills Funding Agency.

Chris Webb
Accounting Officer
18 December 2018

Simon Perryman
Chair of Governors
18 December 2018

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the college's Financial Memorandum with the ESFA, 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, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice*, and which give a true and fair view of the state of affairs of the College and its deficit of income over the expenditure for the period.

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 including the Further & Higher Education Act 1992 and Charities Act 2011, 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 Education and Skills Funding Agency are used only in accordance with the ESFA's grant funding agreements and contracts 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 Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 18 December 2018 and signed on its behalf by:

Simon Perryman
Chair

Independent auditor's report to the Corporation of Barnsley College

Opinion

We have audited the financial statements of Barnsley College (the 'parent' College) and its subsidiaries (the 'group) for the year ended 31 July 2018 which comprise Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent College's affairs as at 31 July 2018 and of the Group's deficit of income over expenditure and parent College's deficit of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

Basis for opinion

We have been appointed as auditor under the College's Articles of Government and report in accordance with regulations made under it. We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who are we reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, set out on pages 3 to 22 other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in

Independent auditor's report to the Corporation of Barnsley College (continued)

the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation for the financial statements
As explained more fully in the Statement Responsibilities of the Corporation set out on page 23, the College's Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered
Accountants Leeds

19 December 2018

Reporting accountant's assurance report on regularity

To the corporation of Barnsley College and Secretary of State for Education acting through Education and Skills Funding Agency ('ESFA')

In accordance with the terms of our engagement letter dated 14 November 2018 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts 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 1 August 2017 to 31 July 2018 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ('the Code') issued by ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which ESFA has other assurance arrangements in place.

This report is made solely to the corporation of Barnsley College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Barnsley College and ESFA 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 ESFA, 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 by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. 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 1 August 2017 to 31 July 2018 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 Code issued by ESFA. 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.

Reporting accountant's assurance report on regularity (continued)

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.

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 1 August 2017 to 31 July 2018 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

Grant Thornton UK LLP
Chartered Accountants Leeds
19 December 2018

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Income					
Funding body grants	2	30,300	30,300	29,952	29,952
Tuition fees and education contracts	3	6,512	6,512	6,551	6,551
Other income	4	1,640	1,626	1,665	1,592
Investment income	5	14	11	9	7
Total income		**38,466**	**38,449**	**38,177**	**38,102**
Expenditure					
Staff costs	6	23,093	23,076	22,718	22,641
Other operating expenses	7	9,550	9,548	9,396	9,391
Depreciation	10	5,454	5,454	5,211	5,211
Interest and other finance costs	8	1,412	1,412	1,196	1,196
Total expenditure		**39,509**	**39,490**	**38,521**	**38,439**
Deficit before other gains and losses		**(1,043)**	**(1,041)**	**(344)**	**(337)**
Profit/(Loss) on disposal of assets	10	186	186	(220)	(220)
Deficit before tax		**(857)**	**(855)**	**(564)**	**(557)**
Taxation	9	-	-	-	-
Deficit for the year		**(857)**	**(855)**	**(564)**	**(557)**
Actuarial gain in respect of pensions schemes	22	3,486	3,486	1,860	1,860
Total Comprehensive Income for the year		**2,629**	**2,631**	**1,296**	**1,303**

Consolidated and College Statement of Changes in Reserves

Consolidated	£'000
Balance at 1 August 2016	63,346
Deficit from the income and expenditure account	(564)
Other comprehensive income	1,860
Total comprehensive income for the year	1,296
Balance at 31 July 2017	64,642
Deficit from the income and expenditure account	(857)
Other comprehensive income	3,486
Total comprehensive income for the year	2,629
Balance at 31 July 2018	67,271

College	
Balance at 1 August 2016	63,317
Deficit from the income and expenditure account	(557)
Other comprehensive income	1,860
Total comprehensive income for the year	1,303
Balance at 31 July 2017	64,620
Deficit from the income and expenditure account	(855)
Other comprehensive income	3,486
Total comprehensive income for the year	2,631
Balance at 31 July 2018	67,251

Balance Sheets as at 31 July

	Notes	Group	College	Group	College
		2018	**2018**	**2017**	**2017**
		£'000	**£'000**	**£'000**	**£'000**
Non current assets					
Tangible Fixed assets	10	94,810	94,810	98,329	98,329
Investments	11	-	-	-	-
		94,810	**94,810**	**98,329**	**98,329**
Current assets					
Stocks		113	113	127	127
Trade and other receivables	12	1,883	1,885	2,935	2,921
Cash and cash equivalents	17	8,221	6,128	6,062	3,922
		10,217	**8,126**	**9,124**	**6,970**
Less: Creditors – amounts falling due within one year	13	(5,164)	(5,152)	(6,270)	(6,258)
Net current assets		**5,053**	**2,974**	**2,854**	**712**
Total assets less current liabilities		**99,863**	**97,784**	**101,183**	**99,041**
Creditors – amounts falling due after more than one year	14	(19,221)	(19,221)	(20,603)	(20,603)
Provisions					
Defined benefit obligations	16	(9,292)	(9,292)	(11,735)	(11,735)
Other provisions	16	(4,079)	(2,020)	(4,203)	(2,083)
Total net assets		**67,271**	**67,251**	**64,642**	**64,620**
Unrestricted Reserves					
Income and expenditure account		67,271	67,251	64,642	64,620
Total unrestricted reserves		**67,271**	**67,251**	**64,642**	**64,620**

The financial statements on pages 28-51 were approved and authorised for issue by the Corporation on 18 December 2018 and were signed on its behalf on that date by:

Simon Perryman

Chair

Chris Webb

Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2018 £'000	2017 £'000
Cash flow from operating activities			
Deficit for the year		(1,043)	(564)
Adjustment for non-cash items			
Depreciation		5,454	5,211
Decrease/(Increase) in stocks		14	(7)
Decrease in debtors		1,052	2,112
Decrease in creditors due within one year		(1,149)	(378)
Decrease in creditors due after one year		(5)	(47)
Decrease in provisions		(124)	(1,059)
Pensions costs less contributions payable		753	934
Adjustment for investing or financing activities			
Investment income		(14)	(9)
Interest payable		1,412	1,196
Loss on sale of fixed assets		-	220
Net cash flow from operating activities		6,350	7,609
Cash flows from investing activities			
Proceeds from sale of fixed assets		186	1,999
Investment income		14	9
Payments made to acquire fixed assets		(1,935)	(2,519)
		(1,735)	(511)
Cash flows from financing activities			
Interest paid		(1,042)	(757)
Interest element of finance lease rental payments		(80)	(74)
New finance lease		-	602
Repayments of amounts borrowed		(1,156)	(3,940)
Capital element of finance lease rental payments		(178)	(160)
		(2,456)	(4,329)
Increase in cash and cash equivalents in the year		**2,159**	**2,769**
Cash and cash equivalents at beginning of the year	17	6,062	3,293
Cash and cash equivalents at end of the year	17	8,221	6,062

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 2017 to 2018* 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.

The financial statements are presented in Sterling (£), which is the functional currency.

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. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2018.

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

The college currently has £20m of loans outstanding with bankers. In addition, the college has an overdraft facility of £2m which has remained unused. Consideration has been given to 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 2018 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

Revenue grant funding
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 achievement for the Adult Education 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.

Notes to the Accounts (continued)

All support grant allocations and subsequent expenditure has been included in the Statement of Comprehensive Income.

Where part of the government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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.

Capital grant funding
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.

Fee income
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.

Investment income
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.

Teachers' Pension Scheme (TPS)
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 there is insufficient information available to use defined benefit accounting. 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.

South Yorkshire Local Government Pension Scheme (LGPS)
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 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 interest and other finance costs.

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

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.

Notes to the Accounts (continued)

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.

Where parts of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

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 as it is considered to have an infinite life. 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 architects' certificates and other direct costs incurred to 31 July 2018. 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 to 20 years

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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of the fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Notes to the Accounts (continued)

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 to the Statement of Comprehensive Income. 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.

Cash and cash equivalents
Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

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.

Cost of remedial works
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 22, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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	
	2018	2018	2017	2017
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult	2,825	2,825	3,164	3,164
Education and Skills Funding Agency – 16-18	23,104	23,104	22,042	22,042
Education and Skills Funding Agency - apprenticeships	4,018	4,018	4,199	4,199
Higher Education Funding Council	353	353	547	547
Total	**30,300**	**30,300**	**29,952**	**29,952**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	386	386	438	438
Apprenticeship fees and contracts	73	73	17	17
Fees for FE loan supported courses	418	418	388	388
Fees for HE loan supported courses	3,152	3,152	3,120	3,120
International students fees	170	170	198	198
Total tuition fees	4,199	4,199	4,161	4,161
Education contracts	2,313	2,313	2,390	2,390
Total	**6,512**	**6,512**	**6,551**	**6,551**

4 Other income

	Year ended 31 July		Year ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	862	862	850	850
Other income generating activities	227	227	248	248
Farming activities	289	289	317	317
Miscellaneous income	262	248	250	177
Total	**1,640**	**1,626**	**1,665**	**1,592**

5 Investment income

	Year ended 31 July		Year ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	14	11	9	7
Total	**14**	**11**	**9**	**7**

Notes to the Accounts (continued)

6 Staff costs

	2018 Group No.	2018 College No.	2017 Group No.	2017 College No.
Teaching staff	315	315	310	310
Non-teaching staff	344	343	369	360
	659	**658**	**679**	**670**

Staff costs for the above persons

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Wages and salaries	18,112	18,095	18,066	17,989
Social security costs	1,502	1,502	1,482	1,482
Other pension costs	3,479	3,479	3,170	3,170
Total Staff costs	**23,093**	**23,076**	**22,718**	**22,641**

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

	2018 No.	2017 No.
The number of key management personnel including the Accounting Officer was:	7	9

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

	Key management personnel		Other staff	
	2018 No.	**2017 No.**	**2018 No.**	**2017 No.**
£60,001 to £70,000 p.a.	-	3	-	-
£70,001 to £80,000 p.a.	3	3	-	-
£80,001 to £90,000 p.a.	2	1	-	-
£90,001 to £100,000 p.a.	-	1	-	-
£100,001 to £120,000 p.a.	1	-	-	-
£120,001 to £140,000 p.a.	-	-	-	-
£140,001 to £160,000 p.a.	1	1	-	-
	7	9	-	-

Notes to the Accounts (continued)

Key management personnel emoluments are made up as follows:

	2018	2017
	£'000	£'000
Salaries – gross of salary sacrifice and waived emoluments	650	759
Employers National Insurance	82	87
	732	846
Pension contributions	83	91
Total emoluments	815	937

There were no amounts due to key management personnel that were waived in the year or any salary sacrifice arrangements in place.

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

	2018	2017
	£'000	£'000
Salary	150	150
Pension contributions	25	21
	175	171

Compensation for loss of office paid to former key management personnel

	2018	2017
	£'000	£'000
Compensation paid to the former post-holders	-	65

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

7 Other operating expenses

	2018	2018	2017	2017
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	2,742	2,742	2,428	2,428
Non-teaching costs	5,293	5,291	5,536	5,529
Premises costs	1,515	1,515	1,432	1,434
Total	**9,550**	**9,548**	**9,396**	**9,391**

Notes to the Accounts (continued)

Other operating expenses include:	**2018**	**2017**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	32	26
Internal audit	27	32
Other services provided by the financial statements auditor - taxation compliance	3	11
taxation advisory	23	13
other assurance services	1	1
Hire of assets under operating leases	161	161

All fees are inclusive of VAT

* includes £27,000 in respect of the college (2017 £22,000)

8 Interest and other finance costs – Group and College

	2018	**2017**
	£'000	**£'000**
On bank loans, overdrafts and other loans	1,042	807
On finance leases	80	75
Net interest on defined pension liability (note 22)	290	314
Total	**1,412**	**1,196**

9 Taxation

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

10 Fixed Assets

Group and College	**Freehold Land and buildings**	**Equipment**	**Furniture and fittings**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost or valuation				
At 1 August 2017	101,255	9,419	11,670	122,344
Additions	535	1,005	395	1,935
Disposals	-	(526)	(159)	(685)
At 31 July 2018	**101,790**	**9,898**	**11,906**	**123,594**
Depreciation				
At 1 August 2017	12,628	7,228	4,159	24,015
Charge for the year	2,642	1,619	1,193	5,454
Elimination in respect of disposals	-	(526)	(159)	(685)
At 31 July 2018	**15,270**	**8,321**	**5,193**	**28,784**
Net book value at 31 July 2018	**86,520**	**1,577**	**6,713**	**94,810**
Net book value at 31 July 2017	88,627	2,191	7,511	98,329

Notes to the Accounts (continued)

At 1 August 2014, two buildings were revalued as part of the FRS 102 transition. The buildings included within fixed assets were revalued at £9.2m. Building valuations were carried out by a RICS surveyor and are based on depreciated replacement cost.

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
Net book value based on cost	**5,926**

Land and buildings includes land valued at £1.8m that is not depreciated.

The net book value of equipment includes an amount of £466k (2017 – £795k) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £329k (2017 – £287k).

11 Non-current investments

	College 2018 £	College 2017 £
Investments in subsidiary companies	100	100
Total	**100**	**100**

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.

12 Trade and other receivables

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
Amounts falling due within one year:				
Trade receivables	589	595	1,679	1,668
Prepayments and accrued income	1,273	1,269	607	607
Other debtors	21	21	532	532
Amounts owed by the ESFA	-	-	117	114
Total	**1,883**	**1,885**	**2,935**	**2,921**

Notes to the Accounts (continued)

13 Creditors: amounts falling due within one year

	Group 2017 £'000	College 2017 £'000	Group 2017 £'000	College 2017 £'000
Bank loans and overdrafts	1,126	1,126	1,101	1,101
Other loans	55	55	55	55
Obligations under finance leases	190	190	172	172
Trade payables	502	498	575	575
Other taxation and social security	422	417	492	484
Accruals and deferred income	2,768	2,765	3,295	3,291
Amounts owed to the ESFA	101	101	580	580
Total	**5,164**	**5,152**	**6,270**	**6,258**

14 Creditors: amounts falling due after one year

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
Bank loans	18,702	18,702	19,828	19,828
Other loan	19	19	74	74
Obligations under finance leases	500	500	696	696
Other creditor	-	-	5	5
Total	**19,221**	**19,221**	**20,603**	**20,603**

15 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
In one year or less	1,126	1,126	1,101	1,101
Between one and two years	1,152	1,152	1,126	1,126
Between two and five years	3,641	3,641	3,548	3,548
In five years or more	13,909	13,909	15,154	15,154
Total	**19,828**	**19,828**	**20,929**	**20,929**

Notes to the Accounts (continued)

The college has loans with Barclays Bank and Santander. The balance of the Barclays loan at 31 July 2018 was £6,084k. The full amount of the loan was £9,000k of which £8,474k attracted interest at a fixed rate of 6.27% 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 charges 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 four Santander loans are all unsecured, of which three are fixed and one is a variable rate loan. One fixed rate loan was for an initial amount of £3,128k. At the year end there was £2,856k outstanding on this loan at 4.46% until 2029. A further loan of £7,335k was acquired which converted to a fixed and variable loan. At the year end, the balances of the loans were £3,348k on a further fixed term loan at a fixed interest rate of 4.81% until 2029 and £3,352k on a variable loan of at 1.80% above LIBOR until 2029. The repayments on all these loans are quarterly until 2029.

In April 2017 the college's revolving credit facility with Santander converted to a term loan with £4,440k fixed at 4.82%. The balance of this loan at 31 July 2018 was £4,188k

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 2018, the outstanding balance of these loans was £74k.

(b) Finance leases

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

	Group 2018 £'000	College 2018 £'000	Group 2017 £'000	College 2017 £'000
In one year or less	189	189	172	172
Between two and five years	500	500	696	696
In five years or more	-	-	-	-
Total	**689**	**689**	**868**	**868**

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

Notes to the Accounts (continued)

16 Provision for liabilities and charges

	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2017	11,735	2,083	2,120	15,938
Expenditure in the period	(1,183)	(136)	(61)	(1,380)
Transferred from statement of comprehensive income	(1,260)	-	-	(1,260)
Additions in period	-	73	-	73
At 31 July 2018	**9,292**	**2,020**	**2,059**	**13,371**

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government pension Scheme. Further details are given in Note 22.

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:

	2018	2017
Price inflation	1.00%	1.00%
Discount rate	2.30%	2.30%

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

Notes to the Accounts (continued)

17 Cash and cash equivalents

	At 1 August 2017	Cash flows	Other changes	At 31 July 2018
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6,062	2,159	-	8,221
Total	**6,062**	**2,159**	**-**	**8,221**

18 Capital and other commitments

	Group and College	
	2018	2017
	£'000	£'000
Commitments contracted for at 31 July	-	-

19 Lease obligations

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

	Group and College	
	2018	2017
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	49	119
Later than one year and not later than five years	114	54
Later than five years	1,117	1,130
	1,280	1,303
Other		
Not later than one year	73	4
Later than one year and not later than five years	-	157
Later than five years	-	-
	73	161
Total lease payments due	**1,353**	**1,464**

20 Financial assets and liabilities

	2018	2017
	£'000	£'000
Financial assets measured at amortised cost	9,596	8,446
Financial liabilities measured at amortised cost	24,124	26,003

Notes to the Accounts (continued)

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.

21 Events after the reporting period

The college considers that there are no material events since the reporting date.

22 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.

Total pension cost for the year		**2018**		**2017**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		1,470		1,419
Local Government Pension Scheme:				
Contributions paid	1,183		1,131	
FRS 102 (28) charge	753		601	
Charge to the Statement of Comprehensive Income		1,936		1,732
Enhanced pension charge to Statement of Comprehensive Income		73		19
Total Pension Cost for Year within staff costs		**3,479**		**3,170**

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 2016.

Contributions amounting to £290k (2017 £278k) 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

Notes to the Accounts (continued)

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.

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 £1,470,000 (2017: £1,412,000).

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 2018 were £1,610,000, of which employer's contributions totalled £1,183,000 and employees' contributions totalled £420,000. 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 2016 updated to 31 July 2018 by a qualified independent actuary.

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	2.1%	2.0%
Future pensions increases	2.2%	2.0%
Discount rate for scheme liabilities	2.9%	2.6%
Inflation assumption (CPI)	2.1%	2.0%

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 2018	At 31 July 2017
	years	Years
Retiring today		
Males	21.6	21.5
Females	24.6	24.6
Retiring in 20 years		
Males	22.9	22.8
Females	26.1	26.1

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 2018	Fair Value at 31 July 2018 £'000	Long-term rate of return expected at 31 July 2017	Fair Value at 31 July 2017 £'000
Equity instruments		24,811		26,241
Debt instruments		10,074		8,891
Property		4,524		3,927
Cash		2,145		863
Other		5,084		3,237
Total fair value of plan assets		**46,638**		**43,159**
Weighted average expected long term rate of return	**2.6%**		**2.6%**	
Actual return on plan assets		**3,171**		**4,829**

Notes to the Accounts (continued)

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

	2018	2017
	£'000	£'000
Fair value of plan assets	46,638	43,159
Present value of plan liabilities	(55,930)	(54,894)
Net pensions (liability)/asset (note 16)	(9,292)	(11,735)

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

	2018	2017
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,909	1,705
Administration expenses	27	27
Total	1,936	1,732
Amounts included in investment income		
Net interest cost	290	314
Total	290	314
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	2,044	4,201
Changes in assumptions underlying the present value of plan liabilities	1,442	(2,341)
Amount recognised in Other Comprehensive Income	3,486	1,860

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

	2018	2017
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(11,735)	(12,680)
Movement in year:		
Current service cost	(1,909)	(1,705)
Administration expenses	(27)	(27)
Employer contributions	1,183	1,131
Net interest on the defined (liability)/asset	(290)	(314)
Actuarial gain or loss	3,486	1,860
Net defined benefit (liability)/asset at 31 July	(9,292)	(11,735)

Notes to the Accounts (continued)

Asset and Liability Reconciliation

	2018 £'000	2017 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	54,894	50,298
Current service cost	1,909	1,705
Interest cost	1,416	1,297
Contributions by Scheme participants	420	417
Changes in financial assumptions	(1,442)	2,341
Estimated benefits paid	(1,267)	(1,164)
Defined benefit obligations at end of period	**55,930**	**54,894**

	2018 £'000	2017 £'000
Fair value of plan assets at start of period	43,159	37,618
Interest on plan assets	1,126	983
Return on plan assets	2,044	4,201
Employer contributions	1,183	1,131
Contributions by Scheme participants	420	417
Estimated benefits paid	(1,267)	(1,164)
Administration expenses	(27)	(27)
Fair value of plan assets at end of period	**46,638**	**43,159**

Sensitivity analysis

Disclosure item	**Central**	**+0.1% p.a. discount rate**	**+0.1% p.a. inflation**	**+0.1% p.a. pay growth**	**1 year increase in life expectancy**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Liabilities	55,930	54,736	57,150	56,065	56,977
Assets	(46,638)	(46,638)	(46,638)	(46,638)	(46,638)
Deficit/(Surplus)	9,292	8,098	10,512	9,427	10,339
Projected Service Cost for next year	1,808	1,744	1,876	1,808	1,847
Projected Net interest Cost for next year	252	224	287	255	282

Notes to the Accounts (continued)

23 Contingent Liability

Guaranteed Minimum Pensions

A recent Hough Court ruling found Guaranteed Minimum Pensions (GMPs) must be equalised between men and women and that past underpayments must be corrected. Employers such as the College, with a defined benefit pension scheme will be impacted by increased defined benefit pension obligations. The specific impact on the College is unknown.

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.

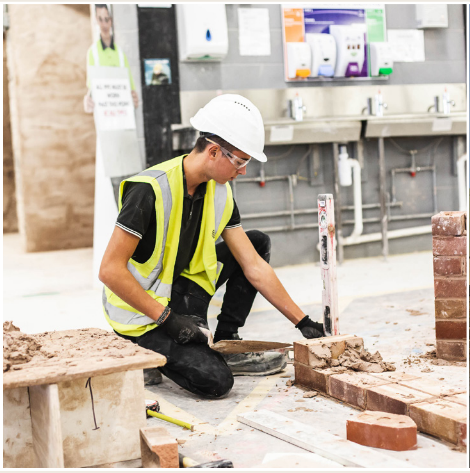
Summary of transactions with organisations connected to members of the Board of Governors

Related Party	Transactions during the year	Debtor Balance at 31 July 2018	Creditor Balance at 31 July 2018
Penistone Grammar School	£600	-	-
Horizon Community College	£8,612	-	-
Springwell	£34,720	£14,108	-
MKB Solicitors	£3,360	-	£1,260
Sheffield Hallam University	£90,350	-	£45,343
Voluntary Action Sheffield	£366	-	£50
Pearson	£3,058	-	£155
Barnsley and Rotherham Chamber of Commerce	£3,472	-	-
University of Sheffield	£38,974	-	-
Barnsley Hospital	£23,730	-	£1,843
Barnsley Metropolitan Borough Council	£24,635	£1,745	-
Wellspring	£600	-	-
itrust	£3,000	-	£500

ITrust Barnsley Ltd is a joint venture between Barnsley College and The Barnsley Chronicle. At the year end, there was an amount owing from the college of £500 (2017 £250).

The total expenses paid to or on behalf of the governors during the year was £1,486; three governors (2017: £1,418; four 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 (2017: None).



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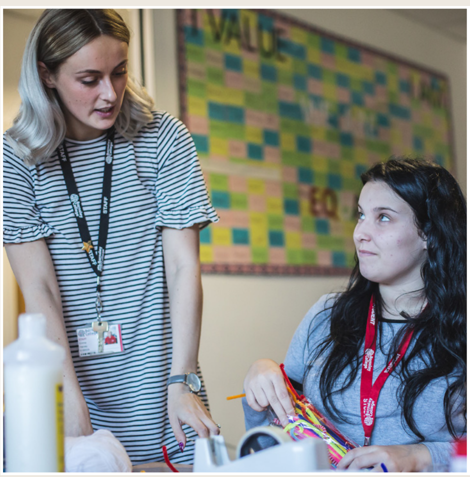

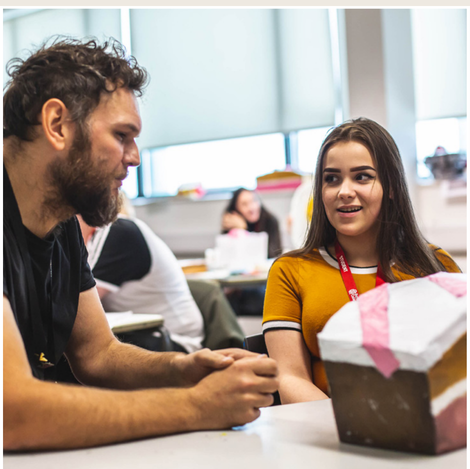

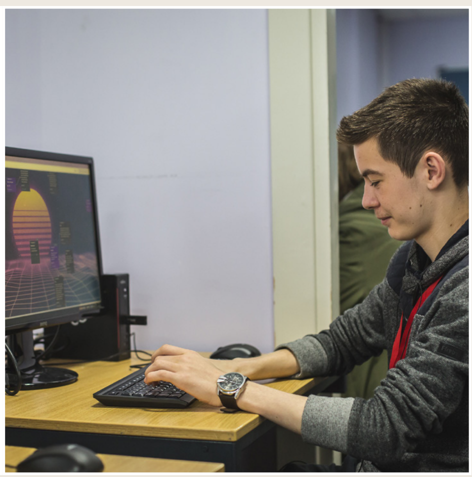

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