

DONCASTER COLLEGE

Report and Financial Statements for the year ended 31 July 2016

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

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

George Trow Principal and CEO; Accounting Officer (Retired 30 September 2016)
Rachel Davies Principal and CEO; Accounting Officer (With effect from 19th September 2016)
Catherine Parkinson – Deputy Principal
John Owen - Interim Director of Finance (With effect to 24th February 2016)
Antoinette Lythgoe - Interim Director of Finance (With effect from 6th October 2015 to 24th March 2016)
Tony Lawlor – Interim Director of Finance (With effect from 30th March 2016)
Diane Bailey – Assistant Principal Inclusion and Learner Experience
Kathryn Brentnall – Assistant Principal Curriculum and Quality

George Trow, Principal and Chief Executive from May 2010, has retired with effect from the end of September 2016.

The Board has appointed a new Interim Principal and Chief Executive, Rachel Davies, who commenced her associated responsibilities (including that of Accounting Officer) on 19 September 2016. All relevant parties have been informed, and a formal handover of responsibilities was completed

Rachel brings with her a wealth of experience of the Further Education sector, having held senior leadership positions in other colleges for almost 20 years and will be working closely with all relevant stakeholders to ensure a smooth transition.

Board of Governors

A full list of Governors is given on page 19 of these financial statements.
Laura Clark and Mark Stephenson acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

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

Bankers

Lloyds Bank plc
1st Floor
31/32 Park Row
Leeds
LS1 5JD

Yorkshire Bank
Doncaster Financial Solutions Centre
Heaven Walk
Doncaster
DN4 3HX

Solicitors

Mills and Reeve
78-84 Comore Row
Birmingham
B3 2AB

Rollits LLP
Wilberforce Court
High Street, Hull
HU1 1YJ

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Report of the Governing Body

Nature, objectives and strategies:

The members present their report and the audited financial statements for the year ended 31 July 2016.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Doncaster College. The College was incorporated on 30 September 1992 and is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Secretary of State granted consent to the Corporation to change the College's name from Doncaster Metropolitan Institute of Higher Education to Doncaster College. The Corporation believes that the new name represents the broader activities of the College.

Mission

Governors reviewed the College's mission during the year and in July 2016 re-affirmed the mission statement as follows:

"Realising student potential and achieving excellence."

The College's vision is to transform lives and improve the local economy through access to outstanding education, training and employment opportunities.

Public Benefit Statement

Doncaster College is an exempt charity under Part 3 of the Charities Act 2011 and from 1 September 2013, was regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England and from 9 November 2016 the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 19.

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.

Implementation of the Strategic Plan

In May 2015 the College adopted a refreshed strategic plan for the period 1 August 2015 to 31 July 2018. This strategic plan is aligned to the two year financial plan. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year.

Report of the Governing Body (continued) Implementation of the Strategic Plan (continued)

The College's strategic objectives are:

Objective 1: Curriculum Strategy Development and Planning

We will develop and implement a responsive curriculum strategy and plan that:

- is effectively aligned to local, regional and national priorities
- meets the needs and aspirations of students
- supports business and community development
- secures funding and seeks to maximise funding opportunities wherever possible
- actively promotes progression
- incorporates digital transformation in the curriculum and develops digital literacy of students
- encourages open debate and critical analysis to effectively deal with extremist narratives and promote universal rights.

Objective 2: Individual Learning Opportunities

We will provide a range of individual learning opportunities within further and higher education provision that:

- ensures appropriate access
- reflects the views of students
- are inspiring, engaging and fun
- incorporates on-line and blended learning and teaching
- values and celebrates diversity and student success
- are delivered in a safe learning and working environment.

Objective 3: Financial Stability and Resilience

We will achieve financial stability and commercial viability that:

- reflects maximisation of income and opportunity
- ensures cost-efficiency, financial transparency and due diligence
- meets and supports student and organisational needs
- encourages measured risk-taking to facilitate entrepreneurial activity.

Objective 4: Raising Standards and Aspirations

We will raise the standards of learning, teaching and assessment by:

- providing consistently high quality learning, teaching and assessment that meets the needs of students
- ensuring that relevant recognised quality standards are achieved/maintained as appropriate
- ensuring that self-assessment processes lead to measurable and quantifiable improvements
- achieving 'Outstanding' self-assessment grade by 2017 and maintaining this thereafter.

Objective 5: Resource Management and Development

We will develop and manage the College staffing and physical resources to:

- ensure that learning resources meet the needs of the students
- enable efficient and effective delivery of all College activities
- ensure that staff are appropriately utilised and skilled to deliver high quality learning and teaching, including digital literacy
- respond to the changing needs of our students, staff, community and organisational environment
- continue suitable investment in projects to support College aims
- meet our corporate social responsibilities
- embed innovation and enterprise thinking and activities to support commercial development.

Objective 6: Leading Change through Strategic Alliances and Partnerships

We will lead change through partnerships with all organisations to:

- engage with Doncaster's communities
- strengthen strategic alliances and partnership opportunities
- shape the local economic landscape taking account of local, regional, national and international priorities
- focus on social inclusion, community cohesion, enterprise, employability and innovation

Report of the Governing Body (continued)
Implementation of the Strategic Plan (continued)

- ensure learning, education and training meets the needs of local businesses and the wider community
- ensure effective and meaningful information, advice and guidance
- conduct robust due diligence procedures on potential sub-contractors and ensure that supply chain activities align with the principles of best practice in the skills sector.

Performance against each of these objectives will be measured against the following key performance indicators:

Objective 1: Curriculum Strategy Development and Planning

- Student progression between each level in further education and from level 3 to higher education sustains at least a 2% increase each year
- Overall success rates increase year on year by at least 1% point

Objective 2: Individual Learning Opportunities

- Achievement gap is narrowed for all protected characteristics across all provision
- Widening Participation Factor is at least 45% in Further Education and at least 35% in Higher Education
- Student satisfaction in relation to diversity and safety is 90% or above

Objective 3: Financial Stability and Resilience

- Return the College Finances to a 'Good' Financial Health Check by July 2017
- Over the 3 years 2016-17 to 2018-19, the College to achieve a trading surplus targeted at £1m+ in 2018/19 which will meet the SFA requirements
- Cash Generation: Key to the future success of the College and maintaining the student experience is the requirement to generate cash for capital investment and maintaining healthy reserves, the Board have given a commitment to spend a minimum of £500k in future years on capital

Objective 4: Raising Standards and Aspirations

- 'Outstanding' Ofsted inspection outcome is achieved or the overall self-assessment grade is 'Outstanding' by 2017
- Outcomes and standards are such that there is no requirement for regulatory intervention
- Student satisfaction, as measured through the College student survey for FE and National Student Survey for HE, is 90% or above by the end of the three year period

Objective 5: Resource Management and Development

- Staff cost to income % will be managed down as required in order that the College can generate surpluses as per Objective 3
- Sickness absence rate is at or below the sector average
- Human resources are effectively and efficiently deployed in line with organisational requirements

Objective 6: Leading Change through Strategic Alliances and Partnerships

- Employer satisfaction is 90% or above
- Strategic partnerships are mutually beneficial and generate commercial income and/or enhance the student experience
- Sub-contracting accounts for less than 10% of the funding allocation and sub-contractors achieve set targets

The Report of the Governing Body addresses how each of these Objectives have been met in 2015/16.

Report of the Governing Body (continued)

Ofsted – 2016

Doncaster College was inspected between 26-29 April 2016 and judged to be 'Good' for all aspects including overall effectiveness.

The report noted that measures of deprivation are particularly high across Doncaster, including those for crime, living environment and education and unemployment in Doncaster is higher than the national figure for England. The results on school league tables indicate that only 50% of pupils leaving school in 2014/15 achieved five or more A* to C grades, including English and mathematics, at GCSE. The achievement rate for Doncaster is considerably below the national rate of 59.2% for state-funded schools.

Many students at Doncaster College start their programmes from very low starting points. A majority of students starting this academic year do not have a GCSE in mathematics and/or English and a significant minority of them come from areas within the highest indices of both social and economic deprivation.

Leaders, managers and lecturers raise the aspirations, progression and employability of students. A comprehensive strategic planning process, led by the principal with close involvement of governors, identifies clear strategic priorities around the curriculum offer, raising standards, inclusiveness, collaboration and improving financial stability and resilience. This has resulted in improvements to students' outcomes and an improved curriculum offer.

The College provides a broad range of provision that meets the needs of the local economy and students' attainment on entry. Managers and staff ensure that they closely align the curriculum to local economic needs. For example, the college is a partner in the proposed National College for Rail and University Technical College. A number of other vocational areas are also changing their offer to meet growing employment opportunities better, for example in performing arts.

Students and apprentices receive good careers advice and guidance prior to the start of their programme and they enrol at an appropriate level and on a programme relevant to their aspirations. As a result, student retention is high. Careers guidance provides students on study programmes and apprenticeships with a clear understanding of possible employment routes, and students feel well prepared for their next steps.

Overall success rates and completion within planned timescales have continued to improve, in some cases significantly, and are well above national rates. Progression to employment is very good for rail apprentices who were previously unemployed. Apprentices also progress well within their jobs, developing good skills, taking on extra responsibility, and securing promotions, pay rises and permanent status.

Assessors use their excellent vocational knowledge and experience to plan learning and assessment that is individualised and challenging, meets employers' needs and reflects current industry practice, often with up-to-date plant and tools. One group of apprentices and their assessors worked as a gang on a major rail project. They impressed the client so much with their work ethic and safety awareness that they won their employer a considerable amount of work on the project.

Report of the Governing Body (continued)

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College also subscribes to the ALPS and Six Dimensions student progress performance measures. The College is required to complete the annual Finance Record for the Education Funding Agency ("EFA"). The Finance Record produces a financial health grading. The current rating of "satisfactory" is considered an acceptable outcome.

For the year ended 31 July 2016 the health grade ratios of the College were as follows:

Adjusted current ratio	0.81	Score 40 - Satisfactory
EBITDA as a % of income	5.48%	Score 50 - Satisfactory
Borrowing as a % of income	20.59%	Score 70 – Good

The College also measures the following financial KPI's on a month basis, the year end values were as follows:

Sector EBITDA	5.48%	Target 7.91%
Staff costs as % of income	68%	Target 67%
Cash Days in Hand	29	Target 28

Financial Objectives

The College's financial objectives are to:

- Return the College Finances to a 'Good' Financial Health Check by July 2017
- Over the 3 years 2016-17 to 2018-19, the College to achieve a trading surplus targeted at £1m+ in 2018/19 which will meet the SFA requirements
- Cash Generation: Key to the future success of the College and maintaining the student experience is the requirement to generate cash for capital investment and maintaining healthy reserves, the Board have given a commitment to spend a minimum of £500k in future years on capital

Financial Position

Financial results

The Group has incurred an operating deficit after taxation and non-controlling interests of £1,206,000 (2014-2015 deficit – £1,359,000).

The Group has accumulated reserves of £11,243,000 (2015 £13,273,000) and cash balances of £2,207,000. The Group wishes to continue to accumulate reserves and cash balances in order to meet any future contingencies.

Tangible fixed asset additions during the year amounted to £171,000.

Report of the Governing Body (continued)

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015-2016 the funding bodies provided 65% of the College's total income.

The College has three subsidiary companies, Waterdale Training Enterprises Limited, Arthur Street (Doncaster) Developments Limited and DC Teach Limited.

The principal activity of Waterdale Training Enterprises Limited is the provision of conference and wedding facilities and the maximisation of income from the College estate. Any surpluses generated by Waterdale Training Enterprises Limited are paid to the College under gift aid. In 2015-2016 the company made a loss of £56,000, (amounts gift aided to the college in 2014-2015: £157,000).

Arthur Street (Doncaster) Developments Limited owns a property operated as a business incubation unit. The College owns 80% of the ordinary share capital and 60% of the preference share capital of the company. The balance of the shares is held by Doncaster Metropolitan Borough Council. In the current year, the loss attributable to the College in 2015-2016 was £65,000 (2014-2015 profit of £25,000).

DC Teach Limited is a wholly owned subsidiary incorporated solely for the purpose of providing academic and staff services to the College. The result for the period was a profit of £1,536 (2014-2015 loss of £1,323).

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The College has a treasury management policy in place which was last updated in May 2015.

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

Cash flows and liquidity

There was a net cash outflow of £82,000 in the year (2014-2015: £512,000).

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.

Current and future development and performance

Student numbers

In 2015-2016 the College has delivered activity that has produced £18,240,000 in funding-body main allocation funding (2014-2015 £18,309,000). The College delivered activity to Higher Education funded students of £617,000 (2014-2015: £604,000). The College had approximately 7,310 (2014-2015 8,029) students funded by government agencies and 1,490 (2014-2015 2,038) non-government-funded students.

The College is partially funded for its HE provision by the Higher Education Funding Council with the majority being met by student loans through Student Finance England. In the year the College recruited 676 (2014-2015: 730) full time equivalent students.

Report of the Governing Body (continued)

The college has approximately 2,523 16-19 year old students on study programmes in 12 subject areas. The largest areas are health, public services and care, engineering and manufacturing technologies, and retail and commercial enterprise. The largest number of students are studying at level 3 and all students from entry level to level 3 follow a vocational study programme that includes the development of English and mathematics where students have not already achieved these skills at the required level.

There are currently around 3,668 adult learners, about 45% of the college total. Students study on fulltime access to higher education programmes, a range of short qualifications that meet employer needs and part-time professional, vocational, GCSE, functional skills and English for speakers of other languages (ESOL) programmes.

The college has 1,089 Apprentices, of these, 60% are intermediate and about 40% are advanced apprentices and 43% of apprentices are women. The most popular subjects are engineering, hospitality, business and management. Significant numbers of apprentices also follow courses in health and social care, construction, creative digital and media, and supporting teaching and learning in schools.

Student achievements

Students continue to prosper at the College. Overall success rates rose again in 2015-2016 from 77.3% to 78.6% (projected).

Curriculum Developments

The Ofsted report for Doncaster College was published on 20th May 2016 and graded as Good for all aspects; the grades awarded reflected those in the College Self-Assessment Report for 14/15. In that self-assessment we identified that the judgement for Outcomes for Learners for the students in the 14/15 cohort 'required improvement' and Ofsted made a judgement of good based on the improvement in the performance of the current cohort of students. The report notes that "Managers now link performance management, which has improved since the last inspection, to more comprehensive quality assurance processes".

Post Inspection, there are clear priorities for improvement and these are being addressed through a revision of some key corporate performance indicators; a revised self-assessment and curriculum performance review framework and more rigorous individual performance reviews.

These priorities include:

- Consistent embedding of Study Programmes for all 16-18 year old students specifically to
 - Increase the number and range of external work experience opportunities so that more students on study programmes are able to gain awareness of the demands of commerce and industry and in so doing develop the skills required to support their employability and the economic development of the borough.
 - Maintain and further improve attendance across all curriculum areas but particularly at English and mathematics sessions including apprentices on Functional skills.
- Further develop strategies to continue the improvement in outcomes for students across the programmes, including English and mathematics and identify students at risk of not achieving so that appropriate interventions can be put in place more quickly.

The new curriculum structure, including the revised job roles and responsibilities has placed a much higher emphasis on performance and quality against which progress is being measured to secure the improvements required.

The financial risks associated with the curriculum are linked primarily to funding reductions as a result of underperformance in the context of recent recruitment trends.

Report of the Governing Body (continued)

In the context of the declining trend in Higher Education numbers and changing landscape of Higher Education in Further Education the risk of not adapting the College strategy to address this is of significance.

There will also be a significant risk associated with the changes to the Apprenticeship funding methodology, both in the ability of the organisational infrastructure to respond to these changes and the procurement of services and growth.

With increasing drive to efficiency there is a risk to maintaining quality.

Staff Development and Training

The College has a robust staff development programme for Safeguarding, E&D, Data Protection and Health and Safety ensuring staff are appropriately trained to understand and carry out their duties in line with local and national guidance and legislative requirements. The College is currently 94% (end of July 2016) compliant for the 3 year College essential training requirement.

The Professional Development Team facilitate and support events and courses to strengthen and improve skills and standards within both business and teaching staff using 98 training providers supporting 650 staff to attend 430 events and 81 courses.

The College, to ensure confident and effective managers facilitated a Management Development Conference (33 managers attended). The theme 'Putting Confidence into Performance Management' notably elements included: Performance Mapping, Common Performance and Relationship Difficulties, Developing Confident Conversation Strategies and Personal Resilience.

In line with best practice and in compliance with University of Hull regulations the College contributed to/supported 2 members of staff to undertake a Masters and 3 staff received funding for a Doctorate.

Staff development utilises the skills of its staff to deliver its comprehensive in-house programme, including mandatory training.

The College supported 650 staff to attend 430 events using 3650 places (287 teaching staff, 334 business support staff, 29 Managers) with a further 81 staff attending courses. The College facilitated 93 non employees attending 209 places at 114 events/workshops (essential training/teaching, learning and assessment). The College provides access to high quality externally sources training using 98 training providers in 2015/16. The average spend per staff member is £131.88. This ensures a highly skilled work force links to key objectives.

To ensure the continued enhancement of the quality of teaching, learning and assessment and the raising and maintaining of standards, all academic teaching staff are required to hold a minimum level 5 teaching qualification; 91.34% (232) of staff held this qualification with 8.66% of staff (22) with outstanding requirements.

The College in line with statutory requirements trained 1518 staff within the suite of essential training. Ofsted 2016 reported: 'staff promote equality well' and 'Safeguarding is highly effective'.

Report of the Governing Body (continued)

Area Based Review

During 2015 the Government published plans to support a restructure of post-16 education and training through a series of area reviews. The rationale for area based review is to increase productivity and create more financially stable and efficient providers able to deliver the right balance of quality and learning provision with a focus on the skills requirements for each locality. In order to achieve this, some FE colleges are expected to merge. The Sheffield City Region (SCR) was selected as one of the first regions to undertake an area review.

To support this emerging environment the Area Based Review (ABR) team made a number of recommendations for the merger of several colleges across the region, one of which was the merger of Doncaster College and Barnsley College. The final decision to accept the recommendation and proceed with merger discussions rests entirely with the respective Colleges' Board.

At the start of the process Doncaster College Board established a Committee, titled ABR and Strategic Options Committee, which met frequently to consider the emerging discussions and ensure regular attention to the matters in hand. This Committee, which was made up of the chairs of committees was also open to any Board member who wished to participate. The Committee was charged with considering the proposals in detail as they emerged and to make recommendations to the Board.

The Board of Doncaster College agreed an 'in principle' acceptance of the recommendation of the ABR that Barnsley and Doncaster College consider merger. This 'in principle' acceptance allowed the Board to pursue further investigation and exploration of this proposal including the exchange of more detailed information between the two colleges. Throughout the ABR, the Board undertook preliminary discussions with Barnsley College including visits by governors to each college. Under a confidentiality agreement Doncaster College was provided with further information from Barnsley College.

In considering the proposal the Board was mindful of the Area Based Review's specific recommendation that: "*Barnsley College and Doncaster College to merge, subject to a successful application to the restructuring facility, should this be required to address debts presenting a barrier to the merger*". The ABR had concluded that any such merger between the two colleges should receive public funding support. Once all the evidence was assessed, the Board decided to: "*terminate discussions with Barnsley having concluded that there is now sufficient evidence to suggest, on balance, that the desired benefits of the proposed merger are unlikely to be achieved, and that pursuing merger discussions any further would have a detrimental impact upon learners in Doncaster and its wider community and would not represent good value for money, either for the College or the public purse.*"

In order to give assurance regarding the governance processes for decision making the College's Internal Auditors were requested to provide independent scrutiny as to whether or not the ABR decision making process was undertaken in accordance with a pre-determined and consistent framework. The scope of the review was not to consider the relative merits of the decision itself but to provide feedback that the framework was fit for purpose.

In reaching a positive and constructive outcome the Board does not underestimate the expectations placed upon them by the SFA, external auditors, banks and external stakeholders to progress a final outcome which benefits students, the locality and which delivers a sustainable college capable of investing in future developments.

Report of the Governing Body (continued)

Events after the end of the reporting period

Waterdale Training Enterprises Limited's trade comprises the conferencing and foot-golf businesses at High Melton. WTE made a loss over the past year and, taking into consideration future projections and the need for capital investment, the Board had serious concern over the going concern of the entity.

At the November Waterdale Board Meeting it was agreed that a full proposal be made to transfer the trading business from Waterdale Training Enterprise Ltd to Doncaster College with effect from 31 January 2017 and ultimately to dissolve Waterdale Training Enterprise Limited.

Future prospects

Further to the decision not to proceed with the merger with Barnsley College, alternatives are now being considered. The College has recently been contacted by another college which is currently engaged in a neighbouring Area Based Review. The Principal and Chair of that college report a positive reception to their preference of a merger with Doncaster College, and whilst both colleges are mindful that the Area Based Review is still in progress, this early encouragement has stimulated the continuation of discussions between the two colleges. In the meantime Doncaster College are awaiting the Area Based Review endorsement to take this forward.

Going Concern

Governors noted the presentation at the Governor Strategic Development Event on 5 November 2016 from the Interim Director of Finance outlining the need for a strong and robust financial strategy that will help the College deliver surpluses in the medium to long term and at the same time generate the cash required for future investment. This was against a backdrop of reducing student numbers and related income, increased competition, the uncertainties of the impact of devolution on the adult budget and the risks associated with changes in apprenticeship funding derived from the apprenticeship levy.

In addition, Governors and senior staff were briefed on the Insolvency Act and the impact and consequences of wrongful / fraudulent trading.

At the Board meeting on 9 November 2016 Governors acknowledged the need to ensure that it adopted a robust and sustainable financial strategy which would achieve a 3 to 5% surplus within three years. To this end, the adoption of a strategy which achieves the following targets was approved:

- Work to reduce the current budgeted deficit to £250k in 2016/17;
- Budget for a £500k surplus in 2017/18; and
- Budget for £1,000k+ surplus in 2018/19.

The strategy would include consideration of the following options:

Longer Term Measures:

- Rationalisation and potential disposal of estate
- Adoption of new pension arrangements to reduce revenue charges and on-going liabilities;
- Engaging in merger;

Shorter term measures to address budget issues including:

- Reducing the staff budget;
- Maximising staff utilisation;
- Rationalisation of curriculum;
- Re-structuring;
- Reducing fixed costs.

Report of the Governing Body (continued)

Conclusion

The Governors consider the College has taken appropriate measures to ensure there are adequate resources to continue its operational existence and meet liabilities as they fall due.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

Financial

The College has £11,243,000 of net assets (including £13,582,000 pension liability) and long term debt of £5,445,000.

People

The College employs 580 people (expressed as full time equivalents (fte)), of whom 271 (fte) are teaching staff.

Principal risks and uncertainties

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. An assurance mapping exercise was undertaken during the year, the objective of which was to identify any remaining gaps in the control framework.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

An Assurance Management Register is maintained at the College level which is reviewed at least termly by the Audit Committee and more frequently where necessary. The register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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 these listed may also adversely affect the College.

Report of the Governing Body (continued)

Government Funding

The College has considerable reliance on continued government funding through the Skills Funding Agency, Education Funding Agency and through HEFCE. The College has experienced a significant decline in its funding from the Skills Funding Agency over the last five years as a result of Government Policy and it is expected that this decline will continue.

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

- The changes to the funding methodologies by both the Skills Funding and Education Funding Agencies
- The strain on the public purse
- Planned changes to apprenticeships in the future
- The changes to HEFCE funding and the increase in student fees
- The current economic climate in which all businesses currently operate
- The change in the demographics of the 16-18 cohort
- Increased competition

The College has a number of strategies in place to mitigate the impact of these issues.

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies.

Tuition fee policy / HEFCE & FE Policy Changes

The College has a tuition fee policy which seeks to maximise fee earning potential. It has proved challenging with commercial decisions being made where considered appropriate to either reduce the fees or waive the fees and this has impacted on the Colleges ability to recruit adult learners and also the financial performance of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102. The deficit has significantly increased during 2015-2016 due to changes in the markets but these are subject to the date on which the valuations are carried out. FRS 102 (section 28) is subjective and whilst the College does make increased contributions the liability changes in line with external influences.

Report of the Governing Body (continued)

Stakeholder relationships

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

- Students;
- Education sector funding bodies;
- F E Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Combined Local Authorities;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

Equal opportunities / Safeguarding / Prevent

Doncaster College welcomes the objectives set down in the Equality Act (2010) and Public Sector Equality Duty (2011) and is committed to fostering good relations for all who learn and work at the College. The College respects and values differences in race, age, gender, gender identity, sexuality, ability, class, marital/civil partnership status, trade union activity, status as parent/carer or associated criminal conviction.

Doncaster College strives to promote an ethos and image that positively reflects its commitment to advancing equality of opportunity and celebrating diversity. The College does not tolerate any prejudicial behaviour by any member of its community and has a zero-tolerance policy to bullying, harassment and victimisation. Every step is taken to eliminate unlawful discrimination and foster good relations among all social groups. The College is committed to ensuring that it does not discriminate either directly or indirectly against individuals on the grounds of age, disability, gender reassignment, race, religion or belief, maternity and pregnancy, sex, sexual orientation, marriage and civil partnership. The College's Equality and Diversity Strategy Action Plan is published on the College's Website, together with the Policy statements on Age, Race, Disability, Sex/Gender, Sexual Orientation, Marriage and Civil Partnerships, Religion and Belief and Gender Reassignment. These are monitored by the Equality and Diversity Committee which consists of academic and business support staff.

The College considers all applications from people with a disability 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 and provides appropriate training, career development and opportunities for promotion.

Copies of College policies are available in other languages and formats on request from the Head of Additional Learning Support and SLDD.

The College recognises its responsibilities and duties under the Working Together to Safeguard Children 2015 requirements, which defines safeguarding as:

- protecting children from maltreatment;
- preventing impairment of children's health or development;
- ensuring that children grow up in circumstances consistent with the provision of safe and effective care; and
- taking action to enable all children to have the best outcomes.

Report of the Governing Body (continued)

Equal opportunities/ Safeguarding / Prevent (continued)

The College believes that safeguarding students is our paramount concern and therefore safeguarding issues take priority in relation to any other policies and/or procedures.

The College works in line with the Statement of Government Policy on Adult Safeguarding; Safeguarding Adults Principles to safeguard and prevent abuse of vulnerable adults.

- **Empowerment**- Presumption of person led decisions and informed consent.
- **Prevention**- It is better to take action before harm occurs.
- **Proportionality**- Proportionate and least intrusive response appropriate to the risk presented.
- **Protection**- Support and representation for those in greatest need.
- **Partnership**- Local solutions through services working with their communities. Communities have a part to play in preventing, detecting and reporting neglect and abuse.
- **Accountability**- Accountability and transparency in delivering safeguarding.

The College recognises that it has an important role to play on the Prevent Agenda as '*Colleges have an important role to play in Prevent, particularly ensuring balanced debate as well as freedom of speech. They also have a clear responsibility to exercise their duty of care and to protect the welfare of their students. Staff can identify and offer support to students who may be drawn into extremism*'.

The College will ensure that it is aware of the risks and monitors and deals with them effectively by:

- Understanding the threat from violent extremism and potential risks from external influences
- Ensuring plans are in place to respond appropriately to a threat or incident
- Having effective ICT security and IT Use and Misuse Policies
- Respond appropriately to a threat or incident locally, nationally or internationally as it will impact the College community.

The College's response to its role in the context of preventing radicalisation and extremism is to:

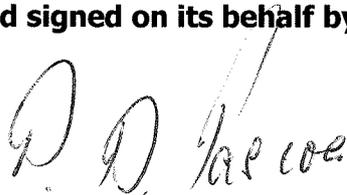
- Work in partnership with organisations involved in prevent Strategies
- Ensure staff and students understand their responsibility in preventing violent extremism
- Provide support and make appropriate referrals for students at risk of radicalisations
- Support interfaith and intercultural engagement through external partnership working
- Ensure that the College has a zero tolerance to bullying and harassment
- Listen and respond effectively to issues with College and local community

Report of the Governing Body (continued)

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 14th December 2016
and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P. D. Pascoe', written over a faint dotted line.

Paul Pascoe
Chair