

**BROOKSBY MELTON COLLEGE**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 JULY 2016**

## **BROOKSBY MELTON COLLEGE**

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

#### **Key management personnel**

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

Chris Ball – Principal and CEO; Accounting Officer  
Mark Bendle – Assistant Principal  
Stuart Wright – Director of Curriculum (GFE & HE)  
Maureen Nelson – Director of Landbased and Learner Services  
Lisa Craddock - Director of Organisational Development and Business Services  
Mhairi Massey - Director of Corporate Services  
Stella Dickie – Director of Finance

#### **Board of Governors**

A full list of Governors is given on pages 9 and 10 of these financial statements.

Mrs Lesley Coates acted as Clerk to the Corporation throughout the period.

#### **Professional advisers**

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

RSM UK Audit LLP  
Chartered Accountants  
Rivermead House  
7 Lewis Court  
Grove Park  
Enderby  
Leicestershire  
LE19 1SD

##### **Internal auditors**

MacIntyre Hudson  
Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

##### **Bankers**

Barclays Bank plc  
Town Hall Square  
Leicester  
LE1 9AA

##### **Solicitors**

Browne Jacobson LLP  
44 Castle Gate  
Nottingham  
NG1 7BJ

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## **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 Brooksby Melton College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### **Mission**

The College's Mission as approved by its members is:

"Through its specialist courses and unique assets Brooksby Melton College will strive to continue to meet the needs of students, businesses and employers across Melton, Leicestershire and the East Midlands."

### **Public benefit**

Brooksby Melton College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 9 and 10.

In setting and reviewing the College's strategic objectives, the Governing Body has 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.

The College's subsidiary companies where possible pay over the whole of their taxable profits to the College under the gift aid scheme to further support the above public benefits.

## **IMPLEMENTATION OF STRATEGIC PLAN**

In November 2015 after a period of development and consultation, the Board of Governors approved a 5 year Strategic Plan for the period 1 August 2015 to 31 July 2020.

Through this process the College identified, as key strategic priorities, the need to focus on:

- Further improve the quality of the College's curriculum from good to good with some outstanding elements.
- Further develop high quality teaching resources that promote a good student experience.
- Continue to enable high levels of success with high rates of progression into work or further study.

- Continue to maximise opportunities for students to further develop their literacy and numeracy skills.
- Maintaining and further develop a highly motivated, efficient and effective workforce.
- Continue to maintain and further develop the College estate.
- Commit to ongoing investment that provides for the future security of the College.
- Grow the College income and diversifying income streams to reduce dependence on any single source of funding.
- Continue to realign the College curriculum offer by consolidating existing provision and developing new provision around our specialist areas.
- Provide support and facilities that allow students with additional needs to access specialist vocational courses and develop their employability skills.
- Further develop relationships with employers, key stakeholders and partners.
- Continue to increase the number of students living at College and further develop support mechanisms that enable students to overcome barriers to attending and achieving.

### Financial Objectives

The College's financial objectives for 2015/16 were:

- 100% delivery of Education Funding Agency and Skills Funding Agency grant funding
- Deliver £300k of 16-18 apprenticeships
- Enrol 170 Higher Education students
- Payroll costs 64% of income
- Underlying operating deficit of £295k to invest in growth in the curriculum, funded by profit on disposal of non-critical assets
- 30% of income non- grant related
- £264k cash generated from operations

### Performance Indicators

The College's specific key performance indicators for 2015/16 and achievement of those objectives is addressed below:

Objective	2015/16 Performance Indicator	Achievement
Achievement of Funding Target	912 16-18 students and 100% delivery of EFA and SFA grant funding.	975 16-18 students. EFA funding 100% delivered. SFA 91.1% delivered.
16-18 apprenticeship income	Deliver £300k	Delivered £319k
Higher Education	169 students	170 students
Payroll Costs as % of Income	64%	63% Staff costs including contracted out services but before exceptional re-structuring and FRS 102 pension costs.
Annual Operating Surplus	Annual operating deficit of £295k agreed to fund growing curriculum areas. The deficit would be funded by the sale on non critical assets.	Underlying operating deficit of £302k, profit on disposal of assets of £358k. Please see page 3.

Objective	2015/16 Performance Indicator	Achievement
Diversification of income	30 % of non-grant related income	31.8 % of non-grant related income.
Cash generated in year from operations	£264k	Net cash flow from operating activities £418k. Proceeds from the sale of fixed assets £436k. Please see page 22.
Curriculum Self Assessment/ Ofsted Grades	Curriculum self assessment good with outstanding features.	OFSTED inspection in November 2016 is graded as Good with some outstanding features. Overall 2015/16 self-assessment is graded as good with outstanding features.
Overall Success Rates	16-18 National rate 86.1% 19+ National rate 81.2%	Anticipated success rates: 16-18 - 90.3% 19+ - 91.5%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency ("SFA")/Education Funding Agency ("EFA"). The Finance Record produces a financial health grading. The current rating of satisfactory is considered an acceptable outcome given the completion of the extensive capital project programme and investment in growth curriculum areas.

## FINANCIAL POSITION

### Financial Results

The Group generated a deficit before other gains and losses in the year of £910k (2014/15 £850k), with total comprehensive income of (£446k), (2014/15 (£921k)). The total comprehensive income in 2015/16 is stated after accounting for the disposal of two residential properties.

The Group has accumulated general reserves of (£4,820k) (2014/15 (£4,626k)) and cash balances of £198k (2014/15 £163k). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

In line with the investment in new teaching and learning facilities Governors approved the investment in staffing to ensure that a high quality experience would be provided for the two new curriculum areas being developed within the College namely Sport Science and Hospitality and Catering. This up-front investment would not immediately generate revenue for the College given the College's over-delivery against the 16-18 funding target. To ensure financial viability, this up-front investment was financed by the sale of surplus non-teaching assets. Profit on sale of fixed assets £358k (2014/15 £545k).

	£'000
Deficit on continuing operations after depreciation, exceptional items and before tax 2015/16	(910)
FRS 102 pensions adjustment	538
Contractual restructuring costs	7
5 year council tax revaluation	63
Underlying operating deficit 2015/16	<u>(302)</u>

The College has three wholly owned subsidiary companies: Brooksby Enterprises Limited, Brooksby Natural Resources Limited and Melton Leisure Services Limited. The principal