

# **THE BOURNEMOUTH & POOLE COLLEGE**

## **ANNUAL REPORT** and **FINANCIAL STATEMENTS**

**For Year Ended 31 July 2016**

# THE BOURNEMOUTH AND POOLE COLLEGE

## REPORTS and FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

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**THE BOURNEMOUTH & POOLE COLLEGE  
OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

**NATURE, STRATEGIES AND OBJECTIVES**

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 the affairs of The Bournemouth & Poole College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

**Mission**

Our mission is:

'Everything we do ensures that our students become qualified, find jobs, keep them and progress in their careers.'

This Statement is supported by a set of core values:

- Committed to Learning
- Make it Enjoyable
- Consistent and Fair
- Respectful and Considerate
- Valuing the Contribution.

**Public Benefit**

The Bournemouth & Poole College is an exempt charity under Part 3 of the Charities Act 2011 and from 1<sup>st</sup> September 2013, is regulated by the Secretary of State for 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 17-18.

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 set 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,
- partnerships with employers, industry and commerce,
- partnerships with local voluntary organisations.

## **THE BOURNEMOUTH & POOLE COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

### **Implementation of Strategic Plan**

The Board has agreed the following Strategic Outcomes as the defining purpose of The Bournemouth and Poole College:

The Bournemouth & Poole College exists so that students, employers and communities from Bournemouth, Dorset and Poole and beyond are equipped for the futures to which they aspire at a cost that represents excellent value for money.

#### **SO-1 for our Students**

Students have the skills, confidence and knowledge to make a successful transition into work or the next stage of their career or education.

#### **SO-2 for Employers**

Employers have the skilled people they need to create and develop a prosperous and sustainable economy.

#### **SO-3 for Communities**

Community organisations have relationships with the College that help them fulfil their aims / outcomes.

In March 2014 we adopted a new Strategic Plan "Student First" for the three year period 2014 to 2017. The Strategic Plan sets out our ten strategic priorities which are:

- To improve the quality of teaching, learning and assessment.
- To modernise and reform the curriculum.
- To grow, consolidate or reduce the curriculum offer.
- To improve student progression, employability and wider student outcomes.
- To increase the involvement of businesses / employers in curriculum design and delivery.
- To enhance the learning environment.
- To more effectively support students.
- To more effectively support teaching staff.
- To improve the student voice.
- To develop effective partnerships.

These priorities are underpinned by sets of objectives that are contained in the Teaching, Learning and Assessment Strategy. In addition, "Student First" is supported by a set of response plans:

- Finance Response Plan,
- Human Resources Response Plan,
- Property Response Plan,
- Marketing and Sales Response Plan,
- Media and IT Response Plan.

Each year, we set key performance targets relating to the achievement of all elements of the Strategic Plan and progress against these is monitored at each business meeting of the Corporation.

## **THE BOURNEMOUTH & POOLE COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

### **Financial Condition and Objectives**

With regard to Financial Condition, the Board's Governance Policy Manual stipulates that:

The Principal shall not:

- Allow The College's financial health assessment to fall below "satisfactory".
- Spend funds that would exceed any approved overdraft facility.
- Enter into any long-term borrowing arrangement.
- Breach any loan covenants.
- Deliver surpluses that are lower than agreed.
- Allow the cash flow delivery to be lower than agreed.

The Board considers that there was full compliance with the following objectives:

- The Financial Health category was Good and so exceeded requirements.
- There was no overdraft facility and the College remained in funds throughout the year.
- A new long term borrowing facility was approved by the Board in February 2014.
- Loan covenants were fulfilled.

In response to the Financial Condition and Objectives, and also in support of "Student First", the Finance Response Plan sets out four strategic financial priorities:

- Revenue budgets enable our teaching and learning priorities to be delivered.
- Capital investment ensures that facilities and resources are high quality, contemporary and in excellent condition.
- We remain financially viable.
- Our financial control framework is robust and we are externally compliant.

### **Performance Indicators**

We are committed to observing the importance of sector measures and indicators and we use the FE Choices website which looks at measures such as Success Rates. We are required to complete the annual Finance Record for the Skills Funding Agency. The Finance Record produces a financial health grading and we consider the current rating of Good to be an acceptable outcome.

The Board continued to operate a framework for setting key performance targets and monitoring these at Board meetings throughout the year.

## **FINANCIAL POSITION**

### **Financial Results**

The College generated a deficit for the year of £(189k) (15/16: £(1,083k), with total comprehensive income of £(9,681k) (2015: £(217k)). Total comprehensive income is after accounting for actuarial gains and (losses) on pension schemes of £(9,492k) (2015: gain £866k).

Accumulated income and expenditure reserves at 31 July 2016 were £(16,038k) (14/15: £(6,803k) and cash balances were £2.5M (14/15: £1.6m).

Tangible fixed asset additions during 2015/16 totalled £4.2M (14/15: £10.2m). Of this, £2.9M was property related expenditure (14/15: £8.6m) and expenditure on new equipment was £1.3M (14/15: £1.6M). The increase reflects our continuing strategy of investing to improve our estate and our resources that directly impact on teaching and learning.

We have significant reliance on the education sector funding bodies as our principal funding sources, largely from recurrent grants. In 2015/16 the funding bodies provided 69% of our total income (14/15: 68%).

## **THE BOURNEMOUTH & POOLE COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

The College has one subsidiary company, Bournemouth & Poole College Services Ltd (BPCS Ltd) which did not trade during the year.

We are also involved in a Joint Venture company, Wessex Education Shared Services Ltd (Wess) with Brockenhurst College. The principal activity of Wess is to provide shared administrative services to the colleges. Wess is a cost sharing group and as such, plans only to recover its operating costs from the colleges.

### **Treasury Policies and Objectives**

Treasury management is the management of our cash flows, our 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. Borrowing requires the authorisation of the Corporation and must comply with the requirements of the Financial Memorandum agreed with the Skills Funding Agency.

We are proactive in maximising the return from Treasury Management activities and work to the following requirements:

- funds are available to cover outgoings as they fall due.
- temporary cash surpluses are invested to earn the best return available – consistent with appropriate management effort and the minimisation of risk – bearing in mind that investment is not a primary activity of colleges.
- borrowing is only undertaken when commercially prudent and on the most advantageous terms – consistent with the need to ensure financial stability.

### **Cashflows and liquidity**

The cash inflow from operating activities was £4,922k (14/15: £4,402k). Total cash balances increased by £954k in year (14/15: decrease £415k). Cash at bank and on hand on 31 July 2016 was £2.5M. (14/15: £1.6M).

Following a period of significant investment in our estate funded through a mix of Skills Funding Agency capital grant, new loan funding, Dorset Local Enterprise funding and our own cash reserves we plan to enter a period of consolidation and re-build our cash reserves to fund future projects.

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Student Numbers**

In 2015/16 the College delivered activity that produced £24.1M in funding body main allocation funding (2014/15: £24.6m). The College had 6,850 FE funded students, 598 HE students and 3101 non funded students (2014/15: 7,283, 703 and 1,855).

### **Student Success**

Student success continues to focus on success rates but now incorporates a number of additional outcomes:

- Progression and employment rates
- English and Mathematics achievement
- Employment skills
- Value Added measures

**THE BOURNEMOUTH & POOLE COLLEGE  
OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

Students continue to be challenged to be the best they can be and to access the exceptional support provided to ensure they reach their potential. The new success rate methodology is now included below and identifies all qualifications for both age groups and Maths and English qualifications for 16-18 year olds. This has been applied to previous year's data to provide an effective comparator. The impact of the significant increase in maths and English delivery is evident.

	<b>15/16</b>	<b>14/15</b>	<b>13/14</b>
16-18 year olds	76.88%	75.26%	84.12%
19+	79.88%	81.18%	90.85%
Maths inc GCSE	60.11%	55.98%	64.43%
English	66.73%	69.61%	68.38%
<b>Total</b>	<b>77.65%</b>	<b>77.11%</b>	<b>78.76%</b>

To ensure our students are equipped to progress to their next level of study, develop the skills required by industry and successfully compete for jobs we have focused on a number of additional measures of success including:-

- Ensuring Maths and English skills development is central to 16-18 study programmes and that every student is enrolled onto a Mathematics and English course to work towards achieving a minimum grade A\*-C GCSE
- Ensuring students are positioned to progress successfully.
- Ensuring students have a career plan, develop employment skills and access work experience and related activities such as volunteering and enterprise.
- Supporting students to make good progress from their starting point, gain high grades and develop the required skills.
- Developing our curriculum in response to the LEP; market research and other intelligence to meet local and regional needs
- Encouraging our students to be aspirational and ambitious.

**Curriculum**

All full time 16-18 year old students access Study Programmes which includes their main qualification, English, maths and ICT skills, study skills, work experience, volunteering and community activities, fund raising and other career related experiences to enhance their employability. We continue to review the effectiveness of this important reform to ensure Study Programmes evolve in response to student feedback and success.

Following the creation of a Science, Technology, Engineering and Mathematics (STEM) Centre, the Peter Jones Enterprise Academy, the Marine Technology Centre, a Financial Services Centre and an International Centre, further modernisation and response to Local Enterprise Partnership (LEP) priority is evident in the Care Innovation Care Centre. Students are also benefiting from contemporary Learning Resource Centres at the North Road and Lansdowne sites and a Fitness Centre. Students have now relocated from Lower Constitution Hill to the new wing at North Road. This has been enhanced by a number of 'Heppell' rooms to provide innovative and contemporary learning spaces. Also included are new science laboratories, Jellicoe theatre, Mac suites and a green room. A new composites centre, at the Fulcrum, has opened to enhance Marine Engineering. An internal and external refurbishment of Engineering and Advance Manufacturing has commenced at North Road, to support LEP priorities. At Lansdowne work has commenced refurbishing Finance and Business delivery areas, also in support of LEP priorities.

Our outstanding provision includes a significant proportion of the Creative and Service Industries, Health and Applied Sciences, Teacher Training, Management, Admin & IT and our International College.

## **THE BOURNEMOUTH & POOLE COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

### **Future Developments**

The current economic climate is challenging for the whole of the public sector. The further education sector, and colleges in particular, is taking its share of the reductions in public expenditure and levels of funding and financial support for students are both diminishing. At the same time, we are seeking to ensure that our core activities are aligned to the needs of individual students, the local economy and our wider community. At the heart of all that we need to do, is a full range of learner outcomes that equip our students to move to their chosen destination, whether that is the next level of their education or into employment.

Our two key financial challenges in relation to our ambitions are to ensure that we continue to develop and improve further our core infrastructure to support teaching and learning and to reduce the costs of our delivery without impacting on the quality of our students' learning experience.

We are also focussing on building opportunities for new / additional income streams. While we do not anticipate significant growth in relation to our funded activity we are seeking ways of expanding our delivery of professional training and also some measured expansion of our overseas activities.

It is the view of the Board that the College remains a Going Concern.

### **RESOURCES**

We have various resources to support the achievement of our strategic objectives.

#### **Financial**

Tangible resources include £34.5M held in fixed assets on the three College sites, this includes £0.4M of Heritage assets.

At 31 July 2016, we had total net liabilities of £(12.6M), including £29.1M pension liability and long term debt of £6.8M.

#### **People**

During 2015/16 we employed 617 full-time equivalent staff (FTE's), of which 328 FTE's were teaching staff.

During the year, we restructured a number of areas in the college in order to realign our organisation to future priorities and needs. The key organisational change was the reorganisation of the curriculum (teaching and learning) areas into a smaller number of larger directorates. This resulted in a significant reduction in the number of senior management posts. In addition to this the management and support for apprenticeship provision was centralised under one new director level post to enable a more consistent service provision together with an enhanced ability to prepare effectively for the introduction of the new apprenticeship levy and apprenticeship standards that will replace existing frameworks.

A further change was to enhance the focus on developing and growing our commercial (full-cost) business again through the centralising of business development and delivery planning capacity through a new post of Head of Commercial Delivery.



## **THE BOURNEMOUTH & POOLE COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

Better strategic overview of training and development priorities also enabled more targeted personal development provision to be delivered together with cross-college development days that enabled all staff to participate in mixed groups, facilitating the sharing of best practice.

Employee Engagement remains as a major focus for 2016/17 and our next Employee Survey is scheduled for February 2017. Within this staff development will continue to be a key priority.

### **Reputation**

We continue to build a strong reputation for excellent teaching and delivering students with the skills and knowledge to progress onto further education or into employment. This reputation is evidenced by our:

- most recent Ofsted inspection (February 2016) and IQER (March 2012),
- growing links with major local, national and international businesses,
- collaboration on several major initiatives with national bodies.

Maintaining a quality brand is essential for us to continue to attract students and businesses and to develop external relationships in a highly competitive market.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

We have developed and embedded a system of internal control, including financial, operational and risk management that is designed to protect our assets, operations and reputation. A review in 2012/13, which was supported by the Internal Auditors, led to changes that strengthened the links between operational activities and risk and became more explicit about sources of assurance. The whole process of risk management and board assurance is the subject of a review by the internal auditors throughout 2016/17 under the direction of our Audit Committee.

Based on the strategic and operational plans, the Senior Leadership Team, which acts as the Risk Management Group, undertakes a comprehensive review of the risks we face. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact. The internal controls are then implemented and progress and effectiveness are regularly reviewed to ensure that, as far as possible, risks are mitigated by management actions. In addition to reviews, the Risk Management Group considers any new risks which may arise e.g. as a result of new activities or by changes in the external environment.

A risk register is maintained at college level and is reviewed at each Audit Committee meeting and a risk movement chart is presented to each meeting of the Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

We have identified the principal risk factors that may affect our ability to achieve our strategic objectives; not all factors are within our control and other factors besides those listed below may also adversely affect us. We analyse our risks into eight categories:

1. Academic and Quality
2. People
3. Finance
4. Physical Resources
5. Partnerships
6. Projects
7. Strategic Environment
8. Compliance and Data Security Risks

## **THE BOURNEMOUTH & POOLE COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

Principal themes concern:

- the need to ensure the high quality of our educational delivery,
- the need to secure a wide range of outcomes for our students,
- the importance of the recruitment, reward and development of staff and of engagement with our staff,
- the impact of the current recession on the appetite and / or ability of individuals and organisations to pay for education and training,
- the scale of current and future funding reductions that now demand radically new approaches to service delivery,
- the strategic importance of collaboration and external engagement to our future success,
- the impact on our reputation of any adverse event or poor perception,
- failures of control and / or statutory compliance, including fraud and error,
- business continuity risks,
- change management and project implementation risks.

Risks are being mitigated in a variety of ways including:

- maintaining relationships with key partners, including funding agencies, local bodies (including LEP, Local Authorities and planners) and delivery partners.
- ensuring that we are aware of political thinking and likely policy change.
- defining our own strategic direction and focussing on our key strategic aims.
- scrutinising our performance regularly, in terms of efficiency, effectiveness and relevance.
- ensuring that expectations of staff are clearly communicated.
- maintaining rigorous systems of scrutiny and control that ensure that all our activities, both teaching and non-teaching, are of high quality, are efficient and encompass the core values that generate a safe, equal and diverse environment.
- maintaining open channels of communication with staff and students and ensuring that feedback is acted upon.
- adopting a mindset that the situation represents a challenge and generates an opportunity to foster innovation.
- undertaking a fundamental review of all areas of our activities.
- setting realistic targets and monitoring to ensure that they are met.
- developing long term resource plans and ensuring they are fully integrated into financial planning.
- implementing and monitoring our Value for Money Strategy and Plan.
- undertaking sensitivity analysis and contingency planning.

Two key risks the college faces which have been difficult to evaluate are the impact of Brexit and the impact of the Dorset Area Review. In both cases the risks have been identified to Audit Committee and the college Executive have kept themselves as well appraised with developments as possible so emerging specific risks can be mitigated.

### **STAKEHOLDER RELATIONSHIPS**

In line with other colleges and with universities, we have many stakeholders. These include:

- Students
- Staff
- Local employers
- The local community
- Local authorities
- Trade unions
- Education sector funding bodies

## **THE BOURNEMOUTH & POOLE COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2016**

- Government offices / LEP
- Other educational institutions
- Professional and sector bodies.

We recognise the importance of these relationships and communicate regularly with all stakeholders by various means.

### **Equality, Diversity and Inclusion**

We updated our Equality, Diversity and Inclusion Policy during the 2013/14 year. The full Policy is available on our website, but the key principles are set out below.

We champion equality and diversity which, for us, are about being pro-active, practical and positive. We promote equality because we believe it is the right thing to do and we value diversity because it makes the College a more creative place to learn and work.

Because we receive public funds, we are bound by the Equality Act 2010 and the Public Sector Equality Duty. This requires us, in all that we do, to have due regard to the need to:

- eliminate unlawful discrimination and harassment,
- advance equality of opportunity between people who share a protected characteristic and those who do not,
- foster good relations between people who share a protected characteristic and those who do not.

Our equality priorities are set to provide protection from discrimination or harassment on the basis of eight characteristics: age, race, gender, gender identity, religion / belief, sexuality and disability, marriage and civil partnership and pregnancy, maternity and paternity.

Equality and diversity are managed by the Executive team. There is an Equality, Diversity and Inclusion Group that researches and promotes best practice and helps to write the annual Equality Action Plan. Progress against the Plan is monitored by the Group and also by the Corporation. We also have six Equality Champions who help us to keep issues in the spotlight.

Our Policy sets out our approach to Equality, Diversity and Inclusion in the following areas:

- students and studying,
- staff and working,
- leadership and managing,
- local community and procurement,
- places and spaces – our environment.

### **Disability Statement**

The College seeks to achieve the objectives set down in Equality Act 2010.

As part of the Property Strategy, we complete Access Audits at the end of each stage. The results form the basis for future capital projects aimed at improving access. We also publish a Property Strategy Access and Inclusion Statement to achieve the objectives set down in The Equality Act 2010.

The College has an appointed staff member who provides information and advice and arranges support where necessary for students with disabilities.

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 in the Study Advice Centres.

**THE BOURNEMOUTH & POOLE COLLEGE  
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We have a Student Admissions Policy and appeals against a decision not to offer a place are dealt with under the Complaints Policy.

The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and / or disabilities. There are a number of learning 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.

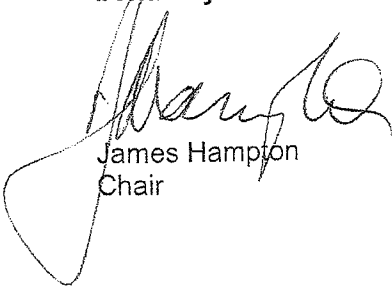
Specialist programmes are described in College prospectuses and achievements and destinations are recorded and published in the standard college format.

Counselling and welfare services and the Complaints and Disciplinary Procedures are described in the College Student Handbook, which is issued to students at induction.

**Disclosure of Information to Auditors**

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

**Approved by order of the members of the Corporation on 15 December 2016 and signed on its behalf by:**



James Hampton  
Chair

## THE BOURNEMOUTH AND POOLE COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS

#### Statement of Corporate Governance and Internal Control

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

We endeavour to conduct our business:

1. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. 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*
3. Having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

We are committed to exhibiting best practice in all aspects of corporate governance and in particular we have adopted and complied with The Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Corporation, the College complies with all the provisions of The Code and it has complied throughout the year ended 31 July 2016. The Corporation 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 1 October 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The members of the Corporation, 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 within our Operating & Financial Review.

#### The Corporation

Lists of members who served on the Corporation during the year and up to the date of signature of this report are set out on pages 17-18. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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, academic quality indicators and HR related matters such as health and safety and environmental issues.

The Corporation operates the Policy Governance® model. There are at least eight meetings a year and this was the case in 2015/16. During the year, the Corporation was supported in the conduct of its business by a number of committees, each of which has terms of reference that have been approved by the Corporation. These committees are Remuneration, Search, Audit and the Collaborative Partnership Group, together with a semi-formal Finance Advisory Group. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

The Bournemouth and Poole College  
North Road  
Poole  
BH14 0LS.

## **THE BOURNEMOUTH AND POOLE COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The Clerk to the Corporation maintains a register of financial and personal interests of the members, which is available for inspection at the above address.

All members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, 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 a regular basis and Board members participate in strategic planning each year. The Corporation has overall responsibility for reviewing and approving the annual Financial Statements, taking assurance from the opinions of the Finance Advisory Group and the Audit Committee.

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.

All members are non-executive volunteers and carry out their roles without receiving payment or personal financial benefit.

#### **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 Search Committee, consisting of five members of the Corporation including the Principal. The Committee 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 initially appointed for a 3-year term of office. This may be extended to two terms. Membership will only be extended beyond 6 years in exceptional circumstances.

#### **Corporation Performance – SAR Statement**

Governance is good. Governance policies are reviewed annually to ensure compliance and accountability. Board Members use their wide-ranging skills to provide rigorous scrutiny and to contribute to and ratify the strategic direction of the College. They challenge management reports appropriately and ensure that risk management is carried out. The Board receives regular performance reports and monitors under-performing areas – for example, Maths and English. Agreed performance targets are regularly monitored and Board Members are well informed about the financial health of the College.

Safeguarding training for Board Members, including Prevent training, is up to date and is regularly refreshed. Emphasis is placed on the promotion of Equality and Diversity throughout all aspects of the Board's business. The on-going development of new and existing Board Members' understanding of teaching, learning and assessment is a priority in the Board's Annual Training Plan to improve Members' confidence and ability to scrutinise, challenge and support the College Executive Team. Board Members carry out learning walks and 'speed-networking' activities with College managers and students.

## **THE BOURNEMOUTH AND POOLE COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The Board annually reviews its own performance through group and individual self-assessment. Performance reviews of individual Members were carried out by the Chair during the period June – September 2016. The Chair's performance was reviewed by the Corporation on 7 July 2016. The Corporation assessed its overall performance on 7 October 2016 from which an Improvement Plan for 2016-17 is being developed.

#### **Remuneration Committee**

Throughout the year ending 31 July 2016 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. Details of remuneration for the year ended 31 July 2016 are set out in note 7 to the financial statements.

#### **Audit Committee**

Throughout the year ending 31 July 2016 the Audit Committee comprised two members of the Corporation (excluding the Accounting Officer and Chair) plus one external co-opted member who is a qualified accountant and who acted as Committee Chair. From 1 August 2016 one of the full time Corporation members took over as Chair of the Committee. The Committee operates in accordance with the written terms of reference approved by the Corporation.

The Audit Committee meets on 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 those reports from the main FE funding bodies that affect the College's business. The Audit Committee is responsible for reviewing the corporate statements within the draft annual Financial Statements before presentation to the Corporation, taking into consideration the opinion of the Finance Advisory Group on the reliability of the year-end accounts, the management letter from the External Audit and Regularity Audit, and that correct accounting treatments have been applied.

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 as well as reporting annually to the Corporation.

#### **Financial Advisory Group**

The Financial Advisory Group, attended by two Board members and the Vice Principal Finance, meets termly to more thoroughly review and monitor the College's management accounts on behalf of the Corporation. It also has a responsibility to review the draft annual Financial Statements each November and to give an opinion to the Audit Committee regarding the reliability of the year-end accounts, to give assurance that they are in line with expected outcomes based on the monthly management accounts.

#### **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.