

# **New College Telford**

## **Consolidated Report and Financial Statements**

**Year ending 31 July 2017**



## CONTENTS

	Page
Key Management Personnel and Professional Advisors	3
Members' Report	4
Statement of Corporate Governance and Internal Control	13
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	20
Statement of Responsibilities of the Members of the Corporation	21
Report of the Independent Auditor to the Corporation of New College Telford ('The Corporation')	22
Reporting Accountant's Assurance Report on Regularity to the Corporation of New College Telford ('The Corporation')	24
Consolidated Statement of Comprehensive Income	26
Consolidated and College Statement of Changes in Reserves	27
Consolidated and College Balance Sheet as at 31 July	28
Consolidated Cash Flow Statement	29
Notes to the Financial Statements	30-49



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

### **Key management personnel**

Key management personnel are defined as members of the Senior Leadership Team and were represented by the following in 2016/17:

Fiona O'Brien; Acting Principal and Accounting Officer (part)

Martin Smith; Acting Director of Finance (part), Interim Principal and Accounting Officer (part)

Graham Guest; Interim Principal and Accounting Officer (part)

Andrew Graham; Vice Principal, Quality & Performance

Jean Wright; Vice Principal, Curriculum and Student Experience

### **Board of Governors**

A full list of Governors is given on page 15 of these financial statements.

Mr K Scribbins acted as Clerk to the Corporation throughout the period.

### **Professional advisers**

Financial  
Statement &  
Regularity Auditors:

Grant Thornton UK LLP  
The Colmore Building  
20 Colmore Row  
Birmingham  
B4 6AT

Internal Auditors:

RSM Risk Assurance Services LLP  
St Phillips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF

Bankers:

Barclays Bank plc  
Barclays Business Centre  
23 Church Street  
Wellington  
Telford  
TF1 1DQ



## **MEMBERS' REPORT**

The members of the Corporation of New College Telford present the report and the audited financial statements of the College and its subsidiary companies Shropshire College Management Limited and Shropshire College Hotel School Limited, collectively known as the Shropshire College Group, for the year ended 31 July 2017.

### ***Shropshire College Management Limited***

The company was formed on 4<sup>th</sup> September 2013 and is a wholly owned subsidiary of New College Telford.

The principal activity is managing the use of the property asset leased to Shropshire College Hotel School Limited.

### ***Shropshire College Hotel School Limited***

The company was formed on 4<sup>th</sup> September 2013 and is a wholly owned subsidiary of New College Telford.

The principal business activity is the provision of hospitality & catering and events management training in addition to the provision of goods and services to guests of the hotel.

### ***New College Telford***

#### **Legal Status**

The Corporation was established under the Further and Higher Education Act 1992 for conducting the business of New College Telford. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

#### **Mission**

To provide high quality educational opportunities for all students.

#### **Public Benefit**

New College Telford College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education.

The members of the Governing Body, who are trustees of the charity, are disclosed on page 15.

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.
- Links with Local Enterprise Partnerships (LEPs)

### **Strategic Planning**

New College Telford introduced a new Strategic Planning Framework and new Strategic Plan in 2013-14 following wide consultation with governors, learners, employers, staff and partner organisations and this has been subsequently reviewed annually. A strategic plan for merger has also been developed.

The Strategic Planning Framework is underpinned by a series of Critical Success Factors and Key Performance Indicators, which form the basis of on-going monitoring and review, including regular reporting to the College Leadership Team, the Governing body and its Sub Committees.

### **Vision**

Inclusive and diverse, inspiring all students to achieve excellence.

### **Strategic Objective**

Achieve your ambitions ... students to become independent learners, employable and work ready.

### **Values**

The student is our focus: a student-centred approach to everything we do.

Excellence and high aspirations: we strive to develop and pursue the highest standards.

Valued, respected and included: valuing everyone equally and striving to overcome any barriers to success.

### **Implementing the Strategic Plan**

New College Telford compiles development plans which identify the management actions required to achieve identified business objectives. These plans include specific actions and agreed outcomes relating to student recruitment, curriculum development and quality improvement. The College also compiles two-year financial plans on an annual basis that fully reflect planned and anticipated developments.

The College's Critical Success Factors for 2016-17 were:

#### ***Student first: delivering a high-quality learning experience.***

*Quality of provision and student achievement:* Outcomes demonstrate a steady improvement over the last three years. Retention stands at 94% (89.4% in 14-15 and 92.6% in 15-16). Pass rates have improved from 91% in 14-15 to 93.5% in 16-17 and Achievement rates have also seen a steady improvement: 82.3% in 14-15, 84.8% 15-16 and 87.2% in 16-17. High grades have increased from 31% in 14-15 to 34% in 16-17.

The majority of students complete their qualifications successfully and progression is good. The College is now exceeding the sixth form College national average for Achievement rates (15-16 benchmark).



The College has a diverse student population with A2 average GCSE scores at 5.57, AS at 5.63, L3 certificate at 4.85 and SD3/Diplomas at 4.88. A third of the L3 student population take purely BTEC courses, another third BTEC and AS/A2 and a third purely AS/A2. In 2016-17, 45% of A2 students had an average GCSE score below 5.5 and at AS this figure was 41.5%.

Value-added performance continues to improve. The overall value-added for the College has improved from -0.16 in 15-16 to 0.06 in 16-17. Vocational courses are giving a positive residual overall and AS has improved from -0.47 to -0.39 (although still negative). A2 has declined further from -0.21 to -0.36. In terms of ALPS analysis, vocational comes out well with a grade 4 "Very Good", AS level grade 5 "Satisfactory to Good" and A2, grade 7 "Less than Satisfactory." There is also inconsistency in performance across curriculum areas. English and maths GCSE strategies have had an impact, more so with English. GCSE English has improved by 29% (52% C or above) and maths by 10% (46% grade C).

*Student progression and destinations:* 69% of completing and continuing students declared a destination (2016: 74%) and of these, 63% continued further education and 29% entered higher education (2016: 24%).

***Cost to serve: achieving outstanding resources for all students.***

Financial indicators have been monitored during the year using a Balance Scorecard. Achievement of funding targets affected the performance of the College which was below target. EBITDA was below budget at 77% and bank balances at 90% of target but remaining positive. Staff costs were 97% of target and the diversification of income at 113%. Financial health has been maintained at Satisfactory throughout the year. The subsidiary companies had mixed performance but overall broadly even.

***Effective resources: developing an effective and efficient workforce***

The key indicators show an overall positive with improvements but both staff sickness and staff turnover were higher than target.

The College continued to invest in buildings and equipment including the continuation of the IT rolling replacement programme.

Room utilisation was below target.

There was no funding secured through grants.

***College of choice: consistently exceeding user's expectations***

*Student recruitment and achievement of funding contract:*

The College's catchment area is a mix of urban and rural areas within the borough of Telford and Wrekin. The direct catchment area of the College includes 14 secondary schools, of which 6 have well established sixth forms. Four wards local to the college are classed as having high levels of deprivation and the College's strategic direction has ensured continued engagement and widening participation for learners in these areas. Approximately 82% of learners are from a White background, and learners from mixed (2.7%) and Pakistani (3.4%) backgrounds form the largest minority ethnic groups. The proportion of female learners is 65%. Within the College catchment area the proportion of young people who gain five or more GCSE A\*-C grades, including English and Mathematics at the end of Key Stage 4, has been around 5% below the national average in recent years.

([www.telford.gov.uk/factsandfigures](http://www.telford.gov.uk/factsandfigures)).

In 2016/17, the College had 995 16-18 learner starts (2016: 1182) and 558 adult learner starts (2016: 477). The adult learners were predominantly apprenticeships. The learner programmes included New Beginnings and Traineeships.



*To further the aim of meeting local needs:* The College's emphasis is on the students' curriculum choice, achievement, enjoyment and progression and it prides itself on giving students the combination of courses that they want and are able to progress with. Much work has taken place this year to ensure continuity and collaboration with our future merger partners at Telford College of Arts and Technology. In 2016-17 the College offered 32 AS and 34 A level subjects, 17 subjects at level 3 BTEC, 6 subjects at level 2 BTEC and 8 subjects at GCSE. Most students study level 3 courses but a small number (%) study at level 2; all students are also members of a mixed single year tutorial group of over twenty students drawn from different 11-16 schools and following different courses. The minimum entry requirement for an advanced level programme is 5 GCSE grades at grade C or above. As a result of our broad entrance policy we enrol a wide ability range of students; those who do not meet the requirements for the advanced level programme can access the intermediate programme and in 2017 the Level 2 vocational offering has been expanded.

The College has a well mapped-out curriculum offer which has been reviewed and revised to meet the needs of the students and the local community. An example of how the College addresses Local Enterprise Priorities in practice is through initiatives such as the introduction of the National Hospitality School in collaboration with the White House Hotel in order to address the LEP priority for Hospitality and Catering.

The College sustains good relationships with a broad mix of public and private organisations locally and regionally. These include Wolverhampton University, the University of Derby, MIND, Georgia Williams Trust, NACRO, Samaritans, the local authority, Southwater Group and many others associated with the curriculum, Student Services and the Apprenticeship programme.

The College is committed to improving the whole learner's experience through participation in sport and enrichment / recreation extracurricular activities. These aspects of the College's work underline its commitment to broadening the educational experience of all students as well as the achievement of success in their examined work. In autumn 2017 second year students are being invited to attend the National Citizenship Service programme.

## **Financial Results**

The total comprehensive income of the Group for the year was a surplus of £0.286m (after a net actuarial gain of £0.458m) compared with a deficit of £1.285m (after actuarial loss in respect of pension schemes of £1.009m) in 2015/16.

The operating outturn was less than budget mainly due to underachievement of some recruitment targets. Costs were generally well contained within budget which mitigated the income reductions.

The College has sustained substantial pre-merger costs associated with negotiations for merger and a corresponding restructuring fund grant has been provided for.

Tangible fixed asset additions in the year amounted to £84,000 compared to £248,000 in the previous year. There has been no significant addition to buildings in the year.

Cash and bank balances amounted to £0.816m (2016: £0.949m).

Shropshire College Management Limited achieved a surplus of £9,794 after gift aid (2016: £18,745 deficit) and Shropshire College Hotel School realised a deficit of £37,000 (2016: £64,000 deficit) after management charges.



## **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. The College has a treasury management policy in place and surplus cash has been invested in an interest-bearing deposit account to achieve a better return on investment than would have been achieved through the money market.

The College used part of the agreed bank facility to invest in the hotel owning subsidiary in addition to its existing resources.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement.

## **Cash flows**

The College generated an operating cash inflow of £70,000 (2015/16 inflow: £361,000).

## **Taxation Status**

The College is not liable to Corporation tax as it is an exempt charity.

## **Reserves Policy**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities.

The Group has accumulated reserves £3.211m at 31 July 2017 compared with £3.072m at 31 July 2016.

## **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 over 95%. The College has a policy of paying all suppliers within the agreed terms of trade, or within 30 days of receipt of invoice where terms are not specified. In the accounting year to 31st July 2017 this policy has been maintained and the College has suffered no interest charge for late payment.

## **Current and Future Development and Performance**

### ***Student Numbers***

The College recruitment pattern is based on 16-18-year-old learners on full time programmes with some Adult learners, apprenticeships and HE. 16-18 year old demographics indicate a continued fall for the next year with the consequent reduction in lagged funding. The College reliance on ESFA funding is likely to also fall as the College seeks to further diversify income sources.

The College anticipates and is planning for significant growth in apprenticeships through the Business Development Unit which will help to maintain the overall level of student numbers.





### ***Quality of Provision and Student Achievement***

The curriculum is relevant to the college's mission and local needs and programmes have been carefully chosen to meet the identified priorities in the local area. The college offers most subjects at level 3 and has a small provision at level 2, this will be expanded in terms of vocational Level 2 for 17-18. Around one third of students take purely AS/A2 courses, a third BTEC/non-vocational and a third BTEC. The college has planned in good time for changes to the curriculum and related programmes of study and has planned for future working in readiness for merger. The advanced programme of study is built around a core of three level 3 qualifications, pastoral support, study sessions, enrichment opportunities and work experience. All students without a grade C in English/maths are required to retake (or Functional Skills if appropriate) and are given appropriate support. The College provides comprehensive advice and guidance on progression routes with a clear focus on effective progression for all.

The apprenticeship provision has grown in the last year and will continue to do so in 17-18. The College's Business development unit (BDU) support curriculum development well through providing timely local market intelligence, and links with a wide range of employers and specialist training bodies.

### ***Future Development***

The College Programmes of Study cover a wide range of course combinations to suit individual aspirations for University and or employment with over 30 A & AS level Courses, building on its strengths and areas. For 2017/18, the College will also offer a wider range of Level II courses intended to provide progression to Level III in addition to extending vocational programmes.

The College continues to receive direct funding for its HE provision from the Higher Education Funding Council for England (HEFCE).

Apprenticeships are planned to grow through both Levy and non-Levy provision.

The College is negotiating a merger which would extend further the opportunities available for course provision and progression.

### ***Resources***

There are no planned buildings development at King Street ahead of a possible merger although the planned maintenance and improvement programme will continue.

The IT rolling replacement programme is now in year 3 of a four year cycle.

The College also has a second site at the National Hospitality School which offers Hospitality & Catering and Events Management programmes.

### ***Financial***

The College has received a reduced funding allocation under the lagged funding system following a much reduced recruitment of learners the previous year. The plans for 2017/18 provide for an operational deficit if a merger does not take place as the College merger partner is currently providing senior managers.

Recruitment in 2017/18 will also impact on funding for 2018/19 and this is projected to be reduced further.



The College has no further plans to invest in buildings but will maintain a level of investment in equipment.

### ***People***

New College Telford employed 89 (2016 - 106) full time equivalent staff, of whom 32 (2016 - 42) were teaching staff.

### ***Reputation***

The College has a good and growing reputation locally, regionally and nationally. Building upon this reputation, excellent outcomes, good teaching and learning and carefully targeted investment in buildings and learning resources continue to be essential for the College's success in attracting students and further developing external relationships.

### **Principal Risks and Uncertainties**

The College introduced a new Board Assurance Framework in 2014-15 supported by a new Risk Register and Financial Regulations.

The College had already made good progress in developing and embedding systems of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. This included strengthened arrangements for risk management.

The College has undertaken regular reviews of the risks to which it is exposed. Senior Managers have identified systems and procedures, including specific actions to mitigate the potential impact. Strong internal controls have been implemented and subsequently evaluated to ensure their continued effectiveness.

A College wide risk register has been maintained, updated during the year and reviewed by the Audit Committee and the full Corporation. The risk register identified the key risks, the likelihood of those risks occurring, their potential impact and the actions being taken to reduce and mitigate the risks. Risks were prioritised using an agreed scoring system. There is a separate risk registers for National Hotel School and Building Condition Improvement Fund projects.

The principal risk factors that may affect the College are summarised below. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

#### **➤ *Government Funding***

- The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2016/17, 97% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.
- Further demographic decline in 16-18 year olds which, combined with increased competition,



will directly affect funding levels.

- Apprenticeships account for 16% of funded activity which is a clear demonstration of income diversity but growing dependency increases risk.
- The risks are mitigated in a number of ways, outlined in the College's action plans, by:
  - ensuring the College is rigorous in delivering high quality education and training
  - considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
  - ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
  - regular dialogue with funding bodies.

➤ ***Maintain adequate funding of pension liabilities***

- The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.
- This risk is mitigated by an agreed deficit recovery plan with the Shropshire County Council.

➤ ***Failure to maintain the financial viability of the College***

- The College's current financial health grade is classified as "Satisfactory" as described above. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This will now be integrated into the new college following merger.
- This risk is mitigated in a number of ways:
  - By rigorous budget setting procedures and sensitivity analysis
  - Regular in year budget monitoring
  - Robust financial controls
  - Exploring ongoing procurement efficiencies

## **Stakeholder Relationships**

In line with other education providers and Universities, New College Telford has many stakeholders. These include students, funding councils, awarding bodies, staff, Sixth Form Commissioner, local employers (with specific links) and local authorities. The College is also actively engaged with the local community, schools, other FE institutions, trade unions and professional bodies. The College recognises the importance of these relationships and engages in regular communication with them through meetings and regular correspondence.

## **Equal Opportunities and Employment of Disabled Persons**

The College considers all applicants for employment from disabled persons sensitively, bearing in mind the experience, skills and aptitudes of the individuals concerned. Were an existing employee to become disabled, every effort would be made to ensure that employment with the College continued. The College will provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

## **Single Equalities Scheme**

New College is committed to an equality of opportunity that is intended to be an integral part of



College life. The aim is to create an environment in which people treat each other with mutual respect, regardless of: age; disability; race; religion; faith; nationality; marital status; responsibility for dependents; gender; sexual orientation; non-compromising criminal convictions and other irrelevant criteria. The College is therefore committed to promoting diversity and equality of opportunity for all students and potential students, staff and potential staff, contractors, employers and partner organisations, volunteers and visitors to the College.

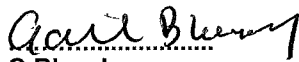
### **Disability Policy**

As a Sixth Form College committed to providing equality of access, New College welcomes applications from all students including those with disabilities and learning difficulties, for whom we have appropriate curriculum provision. The College undertakes to respond flexibly to the individual needs of students, on an individual basis, and to provide appropriate access and support within the resources available to ensure a positive learning experience and outcome for them. The College continues to review and upgrade services which promote access to students with disabilities.

### **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 Members of the Corporation on 21 December 2017 and signed on its behalf by:

  
G Bleasby  
Chair





## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the Report and Financial Statements to obtain a better understanding of its governance and legal structure.

New College Telford endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to Colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code 2014 ("the Code") 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 the Corporation has adopted and complied with the Foundation Code. We do not comply with 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 Governors, the College complies with/exceeds all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a 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 has adopted, and the Audit and Accountability Annex to the Foundation Code that was issued in March 2013 and adopted by the College on 10 December 2013.

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 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.

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, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation met on eight occasions during the year.

The Corporation conducts its business through many committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration, and Search and Development.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website: [www.nct.ac.uk](http://www.nct.ac.uk) or from:

The Clerk to the Corporation New College, King Street Wellington Telford TF1 1NY

The Corporation maintains a register of financial and personal interests of its members. The register is available for inspection and is held by the Clerk to the Corporation.

All Governors can 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.



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 Chairman and Principal are separate.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation members. The Corporation has a Search and Development Committee comprising four members 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 not exceeding four years (except in the case of the Principal).

### **Remuneration Committee**

Throughout the year ended 31 July 2017, the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2017 are set out in note 8 to the financial statements.

### **Audit Committee**

The Audit Committee comprises five members of the Corporation (excluding the Principal and the Chair). The Committee operates in accordance with 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 reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review 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.



The members who served on the Corporation during the year and up to the date of signature of this report:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Member	Committees Served	Attendance in 2016/17
Miss G Bleasby (Chair)	13/10/2009 Reappointed 13/10/2013	4		General	Corporation (Chair) Remuneration Search & Development	7/7 1/1 1/2
Mrs A Brennand (Vice Chair)	22/10/2013	4		General	Corporation Audit Remuneration (Chair)	6/7 1/3 1/1
Mr G Briscoe	18/07/2012 Reappointed 11/10/2016	4		General	Corporation Audit	7/7 3/3
Mr J Dean (Staff)	07/12/2015	4	31/07/2017	Staff	Corporation Search & Development	2/7 1/2
Mr G Guest	01/07/2017	-		Interim Principal	Corporation Search & Development Remuneration	1/1 0/0 0/0
Mr N Marsh (Student)	12/12/2016	1	31/07/2017	Student	Corporation Search & Development	6/6 1/1
Mr M Murphy (Staff)	07/12/2015	4		Staff	Corporation Audit	6/7 2/3
Mrs F O'Brien	01/07/2014	-	31/08/2016	Interim Principal	Corporation Search & Development Remuneration	0/0 0/0 0/0
Miss P Owen (Student)	12/12/2016	1		Student	Corporation Audit	4/6 1/2
Mr M Smith	01/09/2016	-	30/06/2017	Interim Principal	Corporation Search & Development Remuneration	6/6 2/2 1/1
Mr S Walton	11/03/08 reappointed 13/03/2012 Extended 13/03/2016	4		General	Corporation Audit (Chair)	6/7 3/3
Mrs J Wynn	22/10/2013	4		General	Corporation Search & Development (Chair) Remuneration	6/7 2/2 1/1



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, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets every two months.

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 Search & Development, Audit and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website [www.nct.ac.uk](http://www.nct.ac.uk) or from the Clerk to the Corporation at King Street, Telford

The Clerk to the Corporation 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 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 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 Chairman and Accounting Officer are separate.

### **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, 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 Corporation carried out a self assessment of its own performance for the year ended 31st July 2017 and graded itself as "Good" on the Ofsted scale based on the Regularity and Self Assessment Reports.

### **Remuneration Committee**

Throughout the year ending 31 July 2017 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 key management personnel.

Details of remuneration for the year ended 31 July 2017 are set out in note 8 to the financial statements.

### **Audit Committee**

The Audit Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with 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, reporting accountants 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 review 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, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

## **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 the Principal in the Funding Agreement between the College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

### *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 a 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 the College for the year ended 31 July 2017 and up to the date of approval of the annual report and financial statements.

## **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 process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee and annually 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. It includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body.

