



Craven College

Strategic Plan 2017-20

Governing Board Approved: 06 July 2017

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1. College Mission Statement

Enriching lives through learning.

2. College Vision Statement

To become the Further and Higher Education provider of choice for the Craven area, attracting and retaining students by providing high quality learning and teaching. To support students to achieve valuable qualifications, skills and experiences which enable them to fulfil their goals and become economically independent adults equipped to contribute effectively to community and society.

3. SWOT Analysis

Strengths	Areas for Further Improvement
<ul style="list-style-type: none"> • QAA Review – full confidence in Higher Education provision (Mar 2017); • SFA financial rating - good; • Improving success rates at 16-18; • Reputation – welcoming and effective; • Partnership and collaborative working particularly through Tyro Training, Apprenticeships, Community Provision, Evolve and High Needs; • Apprenticeship provision; • High Needs provision; • Work with employers and the unemployed– project and ESF activity; • Community partnership and provision; • Governance; • Attractive location and campus; • Connections to West Yorkshire and the Leeds City Region; • Innovative, well qualified, vocationally experienced and keen staff; • Student support and guidance arrangements; • Accommodation and facilities. 	<ul style="list-style-type: none"> • Improving maths and English success rates; • Improving learning and teaching; • Ofsted rating. • Consistency and compliance with process and agreed practice. • Improving business processes to enhance the user interface with the College and operational efficiency; • Improved employer engagement; • Further rationalisation and improvement of the College estate to reduce costs and improve the learner experience; • Increasing efficiency to fund improvements and new developments and projects to cope with funding pressures.
Potential Opportunities	Potential Threats
<ul style="list-style-type: none"> • Apprenticeship funding reform leading to expansion of apprenticeship provision; • T levels as proposed by the Sainsbury Review allowing curriculum rationalisation; • Development of an Aire Valley College; • Development of provision out-with the Craven area using Tyro Training (North Yorkshire, West Yorkshire and East Yorkshire (Tyro – Scarborough)), LBIA Aviation Academy, Evolve Project (Ripon); • Exploit the manufacturing base of Craven and the Aire Valley by developing engineering provision and digital skills further; • Develop the relationship with local schools with respect to marketing, shared services and sharing best practice. • Work with North Yorkshire County Council and other local authority areas to meet the requirements of High Needs students; • Exploiting IT as a learning platform and mode of delivery; 	<ul style="list-style-type: none"> • The Craven demographic; • Cyber security and disruption; • Ofsted grading; • Reduced government spending and funding levels from the Education and Skills Funding Agency (ESFA) • New 16-18 providers; • Expansion of existing school sixth forms; • Local further education colleges – Leeds City College, Shipley, Nelson and Colne, Burnley, Kendal, Bradford College; • Review of technical qualifications; • Transfer of funding to employers and students. • Costs of curriculum reform – T levels and Apprenticeships (Standards replacing Frameworks); • Loosing focus on core purpose due to myriad of reforms, changes and financial challenges;

4. Strategic Goals and Enablers 2017-20

Strategic Goals

1.0 Outstanding Learning

- 1.1 To deliver good value, high quality, learning for all students leading to successful recruitment, retention, achievement and progression.
- 1.2 To develop key curriculum areas which support local and national economic growth and productivity.

2.0 Well Prepared and Able Students

- 2.1 To ensure students develop the necessary knowledge, skills, aptitudes and abilities to:
 - Secure, retain and develop career and employment opportunities to support economic growth and productivity in the region.
 - Contribute as a good and effective citizen within the community.

3.0 Partnerships, Connections and Networks

- 3.1 To partner and collaborate with educational providers, public and private bodies and employers to support the local and national economic development and productivity and enhance the reputation of the College.

Strategic Enablers

4.0 Resources, Estate and Infrastructure

- 4.1 To implement the College's Accommodation and Estates Strategy to:
 - Support the delivery of high quality learning and teaching and student outcomes and progression.
 - Develop up-to-date and modern learning and teaching resources and facilities to enable the delivery of learning and skills which support the local and national growth and productivity
 - Promote sustainability and respect for the environment.
- 4.2 To implement a financial strategy that secures the longer term financial sustainability of the College and the achievement of the College's strategic aims.

5.0 People and Performance

- 5.1 To develop a culture of high performance.

6.0 Equality and Diversity

- 6.1 To be an inclusive College with a diverse student and staff population, where difference and different perspectives are explored and celebrated.



CRAVEN COLLEGE ON A PAGE...

MISSION	Enriching lives through learning					
VISION	To become the Further and Higher Education provider of choice for the Craven area, attracting and retaining students by providing high quality learning and teaching. To support students to achieve valuable qualifications, skills and experiences which enable them to fulfil their goals and become economically independent adults equipped to contribute effectively to community and society.					
STRATEGIC GOALS & ENABLERS	Outstanding Learning	Well Prepared & Able Students	Partnerships, Connections & Networks	Resources, Estate & Infrastructure	People & Performance	Equality & Diversity
AIMS	We will deliver good value, high quality learning leading to successful recruitment, retention, achievement and progression.	We will ensure students develop the necessary abilities to secure career and employment opportunities and contribute as effective citizens.	We will work and collaborate with partners and employers to support the local and national economic development and productivity and enhance the reputation of the College.	We will implement a financial, resource and estates strategy that secures the longer term sustainability of the College and achievement of the business objectives.	We will develop a culture of high performance and constructive challenge.	We will be an inclusive College with a diverse student and staff population.
VALUES (STRIDE)	Safe & Welcoming	Teamwork	Respect	Innovation	Diversity	Excellence

6. Strategic Objectives and Key Performance Indicators 2017-20

1.0 OUTSTANDING LEARNING	
1.1 Strategic Goal: <i>To deliver good value, high quality, learning for all students leading to successful recruitment, retention, achievement and progression.</i>	
Our objective is to:	Actions:
a. Deliver consistently high achievement rates and ensure students make the expected progress in their learning through supporting staff to deliver high quality, interesting and relevant learning experiences.	<ul style="list-style-type: none"> Establish and communicate challenging and integrated targets relating to retention and achievement at programme, sector and school level to ensure that overall they effectively contribute to the College achieving its overall achievement target for 16-18 and adults. Maintain very high achievement rates in apprenticeships while implementing Standards. Implement Supported Self-Improvement with the SSAs that are underperforming.
b. Deliver innovative approaches and practices in learning and teaching to ensure the expected student progress in learning.	<ul style="list-style-type: none"> Use analysis of lesson observation outcomes to effectively plan CPD at College, subject sector and individual staff level to drive improvement in learning, teaching and assessment. Students to be facilitated to understand how to improve as a result of frequent, detailed, accurate and personalised feedback from staff following assessment of their learning. Increase employer involvement in curriculum and learning experiences, particularly through Apprenticeship reform
c. Provide a learning environment, resources (IT, library, workshops and labs etc) and experience that inspires learners to exceed their expectations.	<ul style="list-style-type: none"> Enhance employability through investment in industry-standard facilities, ensuring suitability and functionality of buildings, equipment and facilities.
d. Develop students' personal and social skills and responsibilities including their attitude and approach to learning.	<ul style="list-style-type: none"> Facilitate development of skills needed for working life within all structured and supervised learning experiences. Teaching, learning and assessment activities to actively

1.0 OUTSTANDING LEARNING	
	engage students in learning to promote student ownership and responsibility for the learning process.
e. Maintain and enhance the reputation of the College by engaging students and gathering their feedback; sharing good practice; and adopting leading standards to ensure high performance and innovation across all programmes.	<ul style="list-style-type: none"> • Increase student attainment to achieve their full potential and increase student satisfaction. Provide access and progression opportunities for all. • Champion the student voice in corporate and operational decision-making.
1.2 Strategic Goal: <i>To develop key curriculum areas which support local and national economic growth and productivity</i>	
a. Develop and expand provision where the College has competitive advantage and where there is local demand through investing in management capacity to deliver.	<ul style="list-style-type: none"> • Analysis of external factors which impact upon business development at the College prior to annual curriculum planning. • Maximise opportunities presented by Apprenticeship reform to grow offer.
b. Be the College and partner of choice in North Yorkshire, East Lancashire and West Yorkshire Connected (WYC) areas.	<ul style="list-style-type: none"> • Continue to improve student outcomes in terms of retention, pass and achievement rates. • Listen to employer and student views and act on their feedback to plan curriculum changes/expansion. • Provide a wide range of Study Programmes and courses which enhance career opportunities and progression to employment and other programmes of study. • Liaise effectively with stakeholders and support partnership approaches to economic solutions

1.0 OUTSTANDING LEARNING

Key performance measures – OUTSTANDING LEARNING

- Student retention and success - upper 40% of GFE for 16-18, Upper 40% of GFE for 19 plus and upper 10% of GFE for Apprenticeships
- English and maths success rate – upper 50% of GFE
- Overall student satisfaction - 90% or better
- Ofsted inspection outcome - Good or better
- Higher Education Review Outcome – confidence (academic standards and student experience)
- Proportion of FE lesson observations graded as good or outstanding - 90% or better
- Achievement of awards and standards - Matrix, liP, OHSAS 18001

Strategic Objectives and Key Performance Indicators 2017-20

2.0 WELL PREPARED AND ABLE STUDENTS	
2.1 Strategic Goal: <i>To ensure students develop the necessary knowledge, skills, aptitudes and abilities to:</i> <ul style="list-style-type: none"> • <i>Secure, retain and develop career and employment opportunities to support economic growth and productivity in the region</i> • <i>Contribute as a good and effective citizen within the community</i> 	
Our objective is to:	Actions:
a. Offer courses, programmes and learning experiences that have clear outcomes and progression and employment opportunities and contribute to improving productivity.	<ul style="list-style-type: none"> • Deliver a broad, industry-relevant curriculum that enables students to be work ready or progress to higher level qualifications.
b. Ensure curriculum and activity plans align with local and national economic priorities and community need.	<ul style="list-style-type: none"> • Annual curriculum planning to ensure alignment of curriculum offer to national and community priorities for skills. • Review College curriculum against LEP (YNYER and LCR) priorities on an annual basis and make adjustments to curriculum plan to address gaps in provision where appropriate.
<p>Key performance measures – READY AND ABLE STUDENTS</p> <ul style="list-style-type: none"> • Overall employer satisfaction - 85% or better. • Positive student progression – 85% or better. • 95% of relevant students completing work experience successfully. 	

Strategic Objectives and Key Performance Indicators 2017-20

3.0 PARTNERSHIPS, CONNECTIONS AND NETWORKS	
3.1 Strategic Goal: <i>To partner and collaborate with educational providers, public and private bodies and employers to support the local and national economic development and productivity and enhance the reputation of the College.</i>	
Our objective is to:	Actions:
a. Develop effective and efficient partnerships with other public bodies and government agencies, colleges and private providers	<ul style="list-style-type: none"> • Further develop relationships with North Yorkshire County Council and other local authority areas to meet the requirements of High Needs students • Continue attendance at key local networks to engage proactively with sector, inform College activity and ensure currency in market
b. Develop partnerships with schools, universities and colleges to facilitate and encourage student progression	<ul style="list-style-type: none"> • Maintain validating partnerships with York St. John and OU • Continue attendance at key local networks to engage proactively with sector, inform College activity and ensure currency in market. • Maintain current good relationships with 5 colleges and develop new relationships to further enhance quality of delivery and student outcomes.
c. Work closely with employers at local and national level to deliver high quality work experience and work related learning and ensure College provision meets their needs.	<ul style="list-style-type: none"> • Implement the strategy for work experience, and the development of students' employability skills. • Further increase the number of students on Study Programmes who experience 30 hours of external work placement. • Maintain good relations with local employers through business development teams, developing responsive provision where gaps are identified

3.0 PARTNERSHIPS, CONNECTIONS AND NETWORKS	
d. Develop effective partnerships with volunteering and community groups to encourage and promote citizenship and sense of community.	<ul style="list-style-type: none"> • Continue community outreach via networks, delivering services to the community • Develop outreach activity through external funding sources
<p>Key performance measures - PARTNERSHIPS, CONNECTIONS AND NETWORKS</p> <ol style="list-style-type: none"> 1. Maintain 15 key relationships with employers, voluntary organisations, public bodies. 2. Sustain strong employer consultation within the College and a maintain the land based Employer forum 3. Higher Education - Maintain degree validation partnerships 	

Strategic Objectives and Key Performance Indicators 2017-20

4.0 RESOURCES, ESTATE AND INFRASTRUCTURE	
4.1 Strategic Enabler: <i>To implement the College's Accommodation and Estates Strategy to:</i> <ul style="list-style-type: none"> • <i>Support the delivery of high quality learning and teaching and student outcomes and progression.</i> • <i>Develop up-to-date and modern learning and teaching resources and facilities to enable the delivery of learning and skills which support the local and national growth and productivity</i> • <i>Promote sustainability and respect for the environment.</i> 	
Our objective is to:	Actions:
a. Develop the College accommodation to provide up-to-date and modern resources that are industry relevant.	<ul style="list-style-type: none"> • Implement the Accommodation and Estates Strategy 2017-2022. • Maintain current levels of investment in capital equipment and technology. • Maintain buildings and facilities to a high standard. • Ensure physical resources are used efficiently and appropriately.
b. Create a safe, secure and welcoming environment.	<ul style="list-style-type: none"> • Monitor and report on safety and security standards across the College. • Ensure that external and internal customers and students receive a high standard of customer service, however they interact with the College. • Maintain the OHSAS 18001 Occupational Health and Safety Management standard.
c. Promote environmental sustainability.	<ul style="list-style-type: none"> • Establish and meet energy, water and waste targets. • Encourage staff to incorporate education for sustainable development as part of their teaching. • Encourage and adopt approaches that have low resource use.

4.0 RESOURCES, ESTATE AND INFRASTRUCTURE	
	<ul style="list-style-type: none"> • Contribute actively to delivering the aims of the Environmental Association of Universities and Colleges.
4.2 Strategic Enabler: <i>To implement a financial strategy that secures the longer term financial sustainability of the College and the achievement of the College's strategic aims.</i>	
Our objective is to:	Actions:
a. Deliver financial stability that supports the strategic aims.	<ul style="list-style-type: none"> • Achieve an operating surplus between 1-2% of income. • Achieve income, activity and funding targets. • Monitor and improve curriculum delivery efficiency levels. • Secure Specialist Funding to support the development of land based provision at the College. • Implement Apprenticeship Plan to increase income and margins.
b. Promote sound governance and manage risks effectively.	<ul style="list-style-type: none"> • Maintain an appropriate range of skills and expertise within the College Board. • Ensure the College Board is well informed and actively engaged in the College. • Create opportunities for College Board members to learn about the College and meet staff, students and employers. • Maintain appropriate College risk registers. • Report to the College Board on the control of significant risks.
c. Continue to develop provision and the College.	<ul style="list-style-type: none"> • Seek new income generating activities, projects and partnerships. • Develop improved marketing activity and links with schools with continued focus on the Bradford area and the lower Aire Valley.

4.0 RESOURCES, ESTATE AND INFRASTRUCTURE	
<p>d. Provide effective leadership from the Board and throughout all levels within the organisation.</p>	<ul style="list-style-type: none"> • Promote a productive working environment where everyone is treated with respect. • Establish, maintain and communicate high standards and expectations of staff and students. • Expect high levels of achievement. • Identify and share good and best practice across the organisation. • Listen to staff and student views and, where feasible, make improvements to processes, arrangements and facilities.
<p>Key performance measures – RESOURCES, ESTATE AND INFRASTRUCTURE</p> <ul style="list-style-type: none"> • College Accommodation and Estates Strategy 2017-2022 - Completion of identified projects • Student satisfaction with facilities and equipment – 95% or better • Achieve OHSAS 18001 • Carbon emissions and consumption of non-renewable resources – reduce energy and water use and waste production by 3% per annum • Teaching accommodation utilisation – 65% or better • Operating surplus – between 1% and 2% of income • SFA Financial Rating - Minimum of “Satisfactory” • Achieve activity and funding targets 	

Strategic Objectives and Key Performance Indicators 2017-20

5.0 PEOPLE AND PERFORMANCE	
5.1 Strategic Enabler: <i>To develop a culture of high performance.</i>	
Our objective is to:	Actions:
a. Develop the culture of the College to define attitudes, behaviours, skills and experience needed by staff and students to make working and learning an enjoyable and interesting experience.	<ul style="list-style-type: none"> • Improve consultation with staff with the implementation of the Staff Board to involve staff in decision making and to ensure staff share the same values and vision. • Continue to embed a culture of care, support, openness and trust. • Develop and embed a Management Charter with expected behaviour and characteristics, measuring management performance against the criteria. • Implement a robust and supportive performance management system, linked to key organisational targets, to measure professional effectiveness and deal appropriately with underperformance. • Provide a healthy, well maintained and resourced working environment. • Promote health and wellbeing activities to raise staff performance, health and morale.
b. Invest in our people to help them to develop the skills, attitudes, behaviours and resilience needed to meet future demands.	<ul style="list-style-type: none"> • Provide opportunities and funding to enable staff to undertake continuing professional development and update their knowledge and skills. • Ensure staff are suitably qualified and experienced in their subject area. • Ensure all teaching and teaching support staff have a minimum L2 literacy and numeracy qualification to support the College and students in the development of maths and English.

	<ul style="list-style-type: none"> • Support physical and mental health and wellbeing activities to maintain high performance. • Maintain recognition of IIP Standard.
c. Communicate and lead in a way that empowers our people to achieve their potential and fosters engagement, innovation and creativity.	<ul style="list-style-type: none"> • Provide opportunities for staff to contribute to Staff Board meetings. • Embed the Management Charter at all levels of management. • Carry out effective performance appraisals with staff to realise their potential.
d. Being agile, focusing on continuous improvement and quality, and ready and willing to make the necessary changes in approach to help us achieve the College’s strategic goals.	<ul style="list-style-type: none"> • Ensure leadership and management strategies and actions to improve weaker provision are effective, timely, and robustly assessed to measure impact (Ofsted).
e. Improve consistency of performance and compliance with processes and practices.	<ul style="list-style-type: none"> • Ensure expectations of standards of performance are clear and College policies and procedures are effectively communicated. • Improve the robustness of performance management and accountability in relation to targets and compliance with College policies and procedures, taking appropriate action in a timely manner.
<p>Key performance measures – PEOPLE AND PERFORMANCE</p> <ul style="list-style-type: none"> • 70% recommending as a good place to work • 85% Staff know how well they are performing? • 90% Staff are committed to improving all aspects of the College? • 95% achieving the minimum requirements of the qualifications specification for teaching staff. • 90% completion of mandatory training and identified training. • Percentage achieving and recording minimum requirement of 30 hours of CPD. • Investors in People – Standard? • Investors in People - Health and Wellbeing Award 	

Strategic Objectives and Key Performance Indicators 2017-20

6.0 EQUALITY AND DIVERSITY	
6.1 Strategic Enabler: <i>To be an inclusive College with a diverse student and staff population, where difference and different perspectives are explored and celebrated.</i>	
Our objective is to:	Actions:
a. Promote equality, diversity and fairness for all.	<ul style="list-style-type: none"> Embed the College’s commitment to equality, diversity, inclusiveness, tolerance, and respect for the individual. Respond to the diverse and evolving needs of all students by providing effective systems of support and guidance.
b. Promote United values and tolerance.	<ul style="list-style-type: none"> Improve the impact of work with students related to UNITED (British values) and PREVENT; audit and evidence the progress made.
c. Increase social mobility through creating real opportunities for skills development and progression.	<ul style="list-style-type: none"> Improve the consistency of delivery and management of work experience across the College, with an entitlement of 30 hours of work experience. Provide access and progression opportunities for all.
<p>Key performance measures – EQUALITY AND DIVERSITY</p> <ul style="list-style-type: none"> Equality monitoring of staff and students (BME, disability, religion and sexual orientation) against regional data. Percentage of males, BME, employees with a disability in top 5% of workforce profile. No significant gaps in achievement between different groups of learners. 	

7. Recent Developments and Achievements

This section highlights some of the significant developments and achievements within the College.

The College's estate has continued to develop to reduce operating and maintenance costs and provide improved learning and teaching accommodation for staff and students.

The College has spent around £14m over the last six years on new buildings and refurbishing existing buildings:

- September 2011 - new three storey teaching block was completed at the Aireville Campus – Pen-y-ghent building.
- Summer and Autumn 2012 - High Street campus was redeveloped to accommodate the College's Hair and Beauty department and to provide new and modern hair and beauty salons.
- Summer 2013 - High Street Campus - the production kitchen for catering students and the College public restaurant was fully refurbished. This has allowed the College to concentrate the services it offers to customers (hair salon, beauty treatments, and restaurant meals) within one location, with an attractive reception area directly on to the Skipton High Street to attract customers, and provide excellent work-related experience and learning opportunities for students. This development allowed the College to dispose of the Old Fire Station and discontinue the lease on the Victoria Street premises in the centre of Skipton.
- Summer 2013 - refectory at the Aireville Campus was fully refurbished.
- Summer 2014 - refectory at the Auction Mart was refurbished.
- Summer 2015 – replacement heating boilers for the High Street Campus. This replaced low efficiency boilers with high efficiency gas condensing boilers to save on power cost and reduce CO₂ emissions. Supported by an interest free loan from Salix Loan Finance.
- Summer 2015 (part funded by 33% grant from the Skills Funding Agency):
 - The Wherside building at the Aireville Campus was completely refurbished internally and externally to provide a new building to meet the central service needs of students (Student Services, Learning Support, shop, café, Learning Resources Centre, Enterprise and Careers support) along with a range of teaching spaces.
 - A new 1,250m² building for construction skills at the Aireville campus to release leased accommodation at Snaygill and further consolidate the College estate and improve efficiency.
 - Refurbishment of the Hub at the Aireville Campus to provide a fitness suite, sports classroom, sports science laboratory and office accommodation for staff.
- Summer 2016 - extensive improvements made to the internal of the Ingleborough building including improved roof insulation, suspended ceilings, draft lobby and floor surface refurbishment. Supported by an interest free loan from Salix Loan Finance and Skills Capital (50% contribution) from the LEP.
- Summer 2016 – replacement heating boilers for the Wherside building at the Aireville Campus. This replaced low efficiency boilers with high efficiency gas condensing boilers to save on power cost and reduce CO₂ emissions. Funded by the Department for Education Condition Improvement Fund.
- Summer 2016 - extensive programme of installing LED lighting at the Aireville Campus. This means that the whole of the Aireville Campus has either LED or T5 lighting systems to save on power cost and reduce CO₂ emissions. Supported by an interest free loan from Salix Loan Finance.

In 2016 the College made 2 successful bids to the York, North Yorkshire and East Riding LEP for Skills capital. For each project an intervention rate of 50% was given which means the College and the LEP share the cost. The projects are:

- Construction of a 500m² Animal Management Centre on the Aireville Campus at a cost £1.6m. The Centre will replace the current facilities at the Auction Mart Campus and ensure the College has up

to date and modern facilities for the delivery of Animal Management programmes. The development of the Centre will also allow the College's upper carpark to be properly surfaced and laid out and improve the overall quality and completeness of the Aireville Campus. This development will also free up accommodation at the Auction Mart Campus and facilitate the transfer of Tyro Training from their leased premises in Crescent House.

- Development of a computing and electronics engineering laboratory with the Ribblehead building at the Aireville Campus at a cost of £70K. This will allow the College to develop new areas of the curriculum.

In February 2016 the College was subject to a full inspection by Ofsted and was graded Requires Improvement. The areas of Study Programmes and Adult provision were both graded Requires Improvement whereas Apprenticeships were graded Outstanding and High Needs Provision Good. College achievement rates for Adults overall were well above the national rate but weak for full-time level 3 students. Overall the achievement rates for 16-18 in AY2014-15 were weak and well below the national rate. Results for AY2015-16 saw a significant improvement and sit just below the national rate with AS and A level results above the national rate. The College has detailed action plan in place to make the necessary improvements and will be inspected again in AY2017-18.

In relation to 16-18 year olds, student numbers have declined. There may be a number of factors that influence this including increased competition from school sixth forms (most have reduced their 6th form entry requirements) and the falling population of 16 year olds. The most significant area of recruitment decline related to 17 year olds who had not attended the College before – this may be linked to the reform of A levels resulting in an AS qualification being worth less points and therefore students staying with A levels at school rather than moving on to an FE college after completing AS.

The College remains a very significant provider of High Needs provision with around 80 students generating around £900K in income. The College achievement rate for these students is good and this area of provision was rated Good by Ofsted in February 2016.

Apprenticeships have continued to perform above the national rates for many years and in AY2015-16 continued to be some of the best in the country. The College was graded Outstanding for apprenticeship provision in February 2016. The College's allocation for apprenticeships has continued to grow and the total value of delivery is £2.15m (£600K for adults and £1.55m for 16-18 year olds)

Higher Education numbers have fallen due to reductions in part-time students across the whole of the HE system and increased competition from Universities as the Student Number Control was removed. The College has also tightened up its viability rules and this has removed some programmes that recruited low numbers which has resulted in an increase in the average class size for the College's Higher Education programmes. In March 2017 the College was subject to a Quality Review Visit by the QAA. The outcome of the visit was that:

- There can be confidence that academic standards are reliable, meet UK requirements, and are reasonably comparable.
- There can be confidence that the quality of the student academic experience meets baseline regulatory requirements.

The College, through its Project Funding Team and Tyro Training, continues to develop important partnerships locally and across the Region including the Aire Valley and North Yorkshire. This includes attracting funding from a range of project funds including the European Union. Examples include c£0.25m Erasmus funding to support European work experience exchange projects for full-time students. The College continues to deliver in partnership with others European Social Funding (ESF) projects – Skills Support for the Workforce in partnership with Grimsby Institute of Further Education

and Calderdale College.

The College won contracts to deliver 'Building Better Communities - Action Towards Inclusion' (Big Lottery Fund and ESF) and the Big Lottery 'Pre-Troubled Families' contract in early 2017 amounting to approximately £0.5m.

Tyro delivers wide-ranging programmes to support the unemployed in improving their chances of finding work, especially for those with few or no qualifications or specialist vocational skills, by providing relevant and accessible training which is a key national priority given the current state of the national economy. The College is widely recognised as a very high quality provider of these programmes which it delivers in collaboration and partnership with a wide range of organisations and providers throughout the region and it is seen as key strength of the College.

The College has maintained an SFA rating of "Good" for financial health and has continued to make operating surpluses in a very tight financial environment. The College's position has been achieved through careful management of budgets and planning staffing a long way ahead to ensure adjustments can generally be made through natural wastage and mini reorganisations as opportunities present themselves. In AY2015-16 the College income was £14.9m.

The College continues to maintain a range of external awards and kite marks to test its service against nationally recognised standards. Student Support Services achieved the Matrix standard in January 2015 and the report noted that Support Services *"make a significant contribution to individuals and organisations throughout the area, with committed staff totally dedicated to maintaining its core values"*. The College continues to achieve Investors in People accreditation, with a further successful re-assessment in November 2014 which identified a number of areas of good practice and some areas for development. The College is working towards achieving ISO18001, a health and safety standard and is starting working on achieving a national standard in relation to careers guidance. The College would seek to maintain the three kite marks of Investors in People, Matrix and ISO18001.

8. Educational Policy Context

The College's Strategic Plan has been formulated within the context of a rapidly changing policy framework for further and higher education in England following a change in government in 2010 and the subsequent election of a government with a Conservative majority in May 2015 and a minority Conservative government in June 2017.

A key impact on the planning period is that education funding is ring fenced for students up to the age of 16 but not beyond which, when combined with significant pressures on the Department for Education (DfE) budget created through population growth and new school costs, creates a very tight budgetary position given the government's commitment to reducing the deficit by 2025. Spending on Further Education fell 14% in real terms between 2010 and 2015.

Prospects for economic growth remain weaker than anticipated with the Bank of England reducing growth forecasts and thereby predicting lower than expected tax receipts. This is more likely given the 2016 referendum decision to withdraw from the EU. The impact of this has been to lower growth predictions and allow inflation to pick up due to a significant fall in the value of the pound. However, the fiscal position remains tight particularly given the concerns regarding areas such as prisons, NHS, Social Care and national security. Schools are now being affected for the first time and, although the overall school expenditure is being maintained, funding per pupil is falling due to rising cohort.

It is therefore reasonable to expect that the unit of funding per full-time 16-18 student will remain at £4K during the period of this plan and the Adult Education Budget will remain at its current value but with changes in what is fundable, making it more difficult to fill the College's contract, excepting

apprenticeships which will continue to receive very significant reductions year on year. Apprenticeship funding is likely to increase over the planning period though the funding methodology is changing significantly and this creates significant uncertainties.

The government policy in relation to new types of schools is potentially increasing the level of competition from alternative 16-18 providers through the setting up of new forms of schools such as Studio Schools, Free Schools and University Technical Colleges (UTCs). Studio Schools and UTCs offer a vocationally orientated provision and work experience that directly competes with further education colleges. The Academies movement and the development of Free Schools may tend to increase the level of 6th form provision across an area and distribute the number of 16-18 years students across a greater number of providers and thereby increasing competition and potentially reducing the College's funding. A number of fee paying schools are transferring to Academy status and therefore being funded by the ESFA which further stretches the available funding. The planning period may see an extension of this policy and the establishment of new Grammar schools.

Even for a sector used to witnessing the vicissitudes of government, the recent and current reforms are almost unparalleled. They include:

Structure of courses and qualifications – The Sainsbury Review and the Government's response through the Post-16 Skills Plan will profoundly alter the shape of vocational courses, qualifications and awarding bodies. Fifteen new technical education pathways will be created, although there will be variation within these streams. The 2017 Budget announced £500 million per year (from 2019) for post-16 skills to increase the amount of training 16-19 year-olds receive on technical courses to more than 900 hours a year, including the completion of industry work placements during the programme. The Government also announced the introduction of 'T-Levels'.

Educational focus – Successive reforms have sharpened the focus on performance in English and Maths among learners aged 16 to 18, with a requirement for students who fail to achieve a C-grade or higher to study for GCSE English and Maths re-takes.

Apprenticeship Levy – Larger employers will pay a charge of 0.5% of their payroll to fund a new system of apprenticeships. This is likely to affect the behaviour of employers (large and small though potentially in different ways), the college, HE and independent provider sector.

Localisation of funding – Whilst central government continues to hold tightly onto the reins of funding in many areas, there is growing interest in devolving commissioning decisions to local and sub-regional government through City Deals and Devolution Deals, with Combined Authorities seeking control of the Adult Skills Budget and Combined Authorities or Local Enterprise Partnerships (LEPs) directing the allocation of capital funds to FE providers. New city mayors bring the prospect of stronger civic leadership, including across FE and skills.

Loans for learners – Advanced learner loans (above Level 2) are now being rolled out to include not only those aged 24+ but also those aged 19+.

Whitehall reforms – The Department for Education has now taken over responsibility for apprenticeships, post-19 FE and HE teaching policy. As Professor Ewart Keep of Oxford University and others have argued, FE may find itself squeezed between the politically-dominant school and university agendas.

9. Financial Environment

The College is funded from a number of sources depending on the work it undertakes. Total turnover in the year to 31 July 2017 will be £15m of which £12m (80%) is derived from the Education

and Skills Funding Agency (ESFA), £1.3m from HE Loans and grants with the balance from fees, advanced learner loans and other grants.

The ESFA funding model for 16-18 year olds is a lagged funding model in that growth is funded the following year or clawed back the following year. The funding for 19+ is subject to possible in-year variations or claw back at the end of the year. Therefore, recruitment of the funded level of students is crucial to the financial stability and sustainability of the College.

Capital funding is channeled through the Local Enterprise Partnerships as Skills Capital Funding. Generally, grants are usually for 50% of the cost of the capital project. The College has received two of these grants in AY2016-17 to fund the Animal Management Centre (£800K) and the Computer Engineering Workshop (£35K).

The College is expected to maintain an ESFA Good rating for financial health in the next two years of its Financial Plan moving to outstanding in the third year.

There are key changes that have recently taken place or are due to be enacted in the coming year, these are discussed below. A key caveat to these is that at the time of writing Government Departments are in purdah until the coming General Election on the 08 June 2017. After this date depending on the new Government changes could occur to any of these policies or funding models.

9.1 Technical education funding

The current Conservative Government announced some key changes to technical education in the Spring Budget on 07 March 2017; the key change was the increase in spending on technical education by £500 million a year in coming years to support a major overhaul of the system. The plans for these reforms were set out in 2016 in Lord Sainsbury's review and the Government's post-16 Skills Plan. Government plans will also involve a new £40 million fund to test out new approaches to lifelong learning and extending maintenance loans to part-time higher education and higher level technical education. The Government also pledged funds for new courses which have not yet been developed and which will not be available for some time. These are called T-levels. The Treasury is allocating £500 million a year for the new programmes but these will not be in place until 2021-22 so the full funding is not due until then. Three pilots are scheduled for 2019-20 and £100 million has been earmarked for that year. The Chancellor promised a 50% increase in teaching hours and three-month work placements. It assumes just 20% of the age group, approximately 100,000 young people per year, will benefit. The amounts allocated are:

	2018-19	2019-20	2020-21	2021-22
16-19 technical education	£60m	£115m	£250m	£445m

According to official statistics, there were 69,000 young people in Year 13 studying for technical qualifications, 125,000 for applied general and 323,000 taking A Levels. There are large numbers of young people taking mixed programmes (for example A Levels plus an applied general BTEC or OCR qualification). The introduction of the new technical education routes is likely to involve a switch from academic to technical routes. It is, however, not really possible to predict take-up of the new technical education courses.

Current policy requires more than 200,000 young people each year to take post-16 maths or English courses as part of the policy that those who did not achieve a grade C in their GCSE must re-sit. There are also more than 100,000 young people taking courses at Level 2 or below, partly because they did not achieve higher levels at GCSE or because qualifications at this level are sufficient to help them secure work. The Sainsbury review set out plans for transition year programmes and the expectation that these will be followed by two year courses. The current system involves a 17.5% funding reduction when

students reach the age of 18.

The additional funding does not deal with existing financial pressures in the education system. The £4,000 funding rates for 16 and 17 year olds was last changed in 2013 (when there was a 2.5% increase). It is due to be fixed at £4,000 until 2019 - despite annual inflation of 2% and staff cost pressures caused by increases in employer contributions to national insurance and pensions. A further budget announcement covered adults. Maintenance loans will be extended to part-time higher education and higher level technical courses but only for Level 4 or 5 courses taken in Institutes of Technology and National Colleges (not yet FE colleges).

The Industrial Strategy, released by the Government in March 2017, promised £170 million in capital funding for new Institutes of Technology (IoTs). The expectation is that there will be 10-15 IoTs and that they will develop out of existing provision, preferably from FE colleges. There will be an invitation to apply in summer 2017 with the intention that decisions are made later in 2017 so that the first IoTs can be ready in 2018. There are no current plans for dedicated revenue funds to support IoTs. The expectation is that income can be earned from the apprenticeship levy and fees paid via student loans.

On 01 April 2017 the Government introduced the apprenticeship levy on companies with payrolls over £3 million per annum. Planned apprenticeship spending in the government's 2017-18 financial year (Year 1 of the levy) is £1.81 billion in England. This is a 10% increase on the £1.65 billion budget in 2016-17 (the year that has just ended). There are three main funding routes:

- Carry-in funding for apprentices who started before 1 May 2017 (£1 billion allocated).
- Non-levy new start allocations (£440 million allocated for the 16-month period from May 2017 to August 2018 according to the original tender).
- New starts in levy paying employers (not known how much ESFA expect will be spent).

The shift from apprenticeship frameworks to standards and the introduction of a new funding formula means that the published funding rate for some apprenticeship programmes has increased but it is worth noting government's intention that its rates are maximum figures which could be negotiated downwards. Levy paying employers have incentives to spend the funds available to them whereas colleges and providers have incentives to maintain or improve training quality.

9.2 Exit of the European Union

In March 2017, the Prime Minister formally notified the European Council of the UK government's intention to withdraw from the European Union by March 2019. There is little in her letter that would potentially give problems for Craven College. Colleges mainly focus on domestic UK issues and therefore do not have a large amount of trading with the EU. Craven College does not rely heavily on overseas staff or students so immigration caps are unlikely to affect it. Colleges as a whole only employ about 4% of their staff from the EU and therefore if immigration falls it is also unlikely that there will be a large shortage of College staff thus fueling wage rises and movement between institutions. The main areas where uncertainty will arise are:

- The European Social Fund - Colleges have used the European Social Fund over the last two decades to help retrain and improve the skills of hundreds of thousands of people. Craven College has benefited enormously from this fund in recent years. Ministers have suggested a degree of continuity as regards existing EU funding. They have promised that the UK Government will continue to pay any multi-year EU funded contract signed by a Government department before the Autumn Statement where the project continues after the exit date. The Association of Colleges has suggested that an English Social Fund may be established which would provide a degree of continuity by maintaining funding levels but perhaps with less bureaucracy. Areas with low GDP would be the likely target.

- Erasmus – the continuation of student exchanges between college students which are supported by the Erasmus+ programme will continue as countries do not need to be members of the EU to benefit.
- Regulation changes to legislation and regulations - UK membership of the EU means that a large body of legislation has been shaped by EU directives including employment, public procurement, consumer protection, competition, energy, intellectual property and social security law. It is a matter of conjecture what EU exit would mean for these various laws because this would be a decision for the Government in future and would be affected by the UK's wider international commitments. Some of the laws that affect colleges most (for example public procurement laws or state aid) are part of World Trade Organisation commitments and which the UK Government has pushed for decades as part of a drive to open up foreign budgets to UK professionals (e.g. helping lawyers, architects and the like sell overseas). The Ofsted system was designed to meet English priorities and issues. The system of qualifications and awarding bodies has adapted to fit EU classifications and requirements on mutual recognition but is recognisably and distinctly English. The UK has four different national education systems which allows different approaches in different places regardless of what might happen at EU level. Other sources of regulation in English colleges include a very English approach to funding (described by Professor Alison Wolf as being unique in the world). Child protection rules, health and safety laws, freedom of information and other causes of additional work for colleges are all very heavily influenced by the government in Westminster. The Foreign and Commonwealth Office's balance of competence review of education from 2013 concluded that EU policy making had some impact on UK policy but not that much and arguably the EU is less influential than OECD.
- VAT Changes – the AoC's long-standing position is that the government should refund the VAT costs associated with publicly funded 16 to 18 education. The route for Sixth Form Colleges to convert to become academies and therefore join the refund scheme did not address the problem. Brexit would make it easier for a future government to implement a college-friendly reform. A future government in need of funds could also raise the current VAT rate.
- Economic uncertainty – if the economy performs worse than expected companies are unlikely to invest in trainees and apprentices, however, the current prediction that EU migration will fall may see more companies choosing to train and recruit more local staff particularly in areas such as construction and leisure.

9.3 Official economic forecasts

The Bank of England published its Monetary Policy Summary in May 2017 and a point of note is the rise in Consumer Price Inflation above 2% and the forecast both that it will peak just below 3% by the end of this year and stay above 2% for the next two calendar years (i.e. 2018 and 2019). There may be unexpected economic change in 2019 because of Brexit. The Department for Education currently recognises inflation in higher education funding (the fee cap and teaching grants) but not in college or school budgets. The rise will also challenge colleges in terms of pay awards as staff will be coping with pay erosion if awards are not given.

9.4 College insolvency plans

The Government plans to introduce a college insolvency regime for colleges in 2018. The legislation to make this happen is set out in the Technical and Further Education Bill which is currently before Parliament. These plans alongside the current funding regime have encouraged banks to increase the risk factors attached to the FE market.

10. Local Circumstances

Craven College is a medium-sized general further education college situated in the Craven District of North Yorkshire at Skipton, which is known as the gateway to the Yorkshire Dales National Park. The College also has activity based in North Leeds at the Leeds Bradford International Airport (LBIA) and through a training and work based learning operation at Seamer near Scarborough, some 80 miles east of Skipton. The College serves the educational and training needs of individuals, communities and business in North Yorkshire, East Yorkshire, East Lancashire and the Aire Valley corridor to Bradford. The College service area is extensive and ranges from areas of high to low population density.

The College curriculum is broad and offers a wide range of subject areas, modes of attendance and work based training opportunities throughout the Craven and travel to Craven area. Competition from local schools for 16-18 provision is significant as Skipton retains a selective Grammar school system and there are a number of local competitor colleges within the main population centres from which the College draws. Craven College is reliant on attracting sufficient students to its Skipton campus from areas which would be considered to be within the service area of competitor colleges.

The College has broad reach across North Yorkshire and into West Yorkshire which helps build the College's reputation across the region and reach sections of the community which are more difficult to engage with and individuals who are more difficult to engage with.

Through Tyro Training based in Skipton and Scarborough the College delivers full cost training for businesses but also skills training funded through the Adult Education budget with some of the work focused in deprived areas such the east coast and areas of the Aire Valley eg, Keighley. This work is also augmented through project work funded by European Social Fund (ESF) or the Big Lottery. Example include Skills Support for the Unemployed, Skills Support for the Workforce and 'Building Better Communities - Action Towards Inclusion'.

Prevention of NEETs within the area is supported through programmes delivered in Skipton – the College's Pathways and Fresh Start programmes along with the Evolve Project at Ripon. The Evolve Project at Ripon makes full-time provision for around 30 young people at risk including a significant proportion of students in receipt of High Needs funding. The Evolve Project has very high achievement rates and places are highly sought after across North Yorkshire. Overall the College is a significant provider of High Needs places across the region with 80 plus student places – the achievement rate of students in this provision is good and the quality of this provision was confirmed by Ofsted.

10.1 Population and Demographics

Craven had a population of 55,696 in mid-2014 and is in the top 10 most sparsely populated areas in England with a population density of 47 people per square kilometre compared with 245 people per square kilometre for England as a whole. Craven covers 1,177 square kilometres and comprises 15% of the physical area of North Yorkshire. The population of Craven is expected to rise to 58,800 in 2037, a rise of 5.9% compared with a rise of 16.1% for England as a whole. The population of North Yorkshire is 0.6m in mid-2014 and is predicted to grow by 6.6% to 0.65m in 2037.

In Craven currently 26.1% of the population is aged 65 and over rising to 37.4% in 2037. The median age of a resident of Craven is 48.8 years compared to 40 years for the UK as a whole. The number of 16 year olds in Craven will fall by 30% over the next 10 years – a key demographic for the College. The position is slightly better in the Three Valleys area of Bradford which sees a rise in 9% of 16 year olds over the next 10 years. However, this is low relative to the UK as a whole.

These population trends highlight the need for Craven College to continue to attract students from out-with the Craven area to maintain and improve market share to maintain student numbers.

10.2 *Employment and the Economy*

Craven College interacts with two Local Enterprise Partnerships – the Leeds City Region Partnership and the York, North Yorkshire and East Riding Partnership. The location of Craven College is awkward in terms of local authority and LEP boundaries and the interpretation of economic and employment data.

Craven is home to the market towns of Skipton and Settle, and comprises the predominantly rural upper reaches of Airedale, Wharfedale and Ribblesdale. Self-employment is high at 26% compared to the national rate of 13%. 72% of businesses are very small firms employing less than 4 people.

Key Sectors include:

- **Agriculture and land-based industries** – employing around 2,000 people which is over 6% of the working age population.
- **Education** – an employment share of almost 9% of the working age population.
- **Health and Social Care** – has an employment share of almost 9%.
- **Financial Services:** 2,500 people are employed in financial services and big employers include Skipton Building Society and Computer Share.
- **Manufacturing:** employs 3,000 people with employers including Angus Fire, Craven and Co. Ltd, Craven Fawcett, Dechra Pharmaceuticals, Systagenics Wound Management and Whitakers Chocolates.
- **The Visitor Economy:** has the largest number of businesses in the area. Around 3,000 are employed in accommodation and food preparation alone – 9% of the working age population.

Total employment in Craven is estimated at 77.8% (3-year average ending 2015), against 71.4% in the United Kingdom as a whole. Economic inactivity stands at 20.1% in Craven compared to the UK figure of 23%. Unemployment is below the national average.

Gross weekly average pay for full-time employees in Craven is £447 per week compared with £521 in the United Kingdom. Of the economically active population in Craven 78.4% have a NVQ Level 3 qualification and above compared with 73.8% in Yorkshire and Humber and 82.3% for the United Kingdom as a whole. Overall the Craven economically active population is relatively well qualified. Median gross weekly wage in Craven has hardly altered since 2004 when Craven was above the UK figure and was the highest in north Yorkshire, this has since declined with only Ryedale now behind Craven. This means that Craven has failed to share in the rising prosperity of the UK in recent years and may be linked to its high reliance on agriculture where incomes have been falling and visitor economy where wages are low.

The majority of businesses in Craven are small with 72% employing fewer than four people. In Craven 1.9% of firms employ more than 50 people and lie within Skipton and the South Craven area.

Craven comes within the area and economic influence of the Leeds City Region and the Aire Valley corridor and the excellent communication links between Skipton and these two areas. Bradford District and particularly the Three Valleys Area is a key recruiting area for Craven College.

Bradford was known as the wool capital of the world during the industrial revolution and declined rapidly in the late 20th century. Economic growth since 2008 has outstripped regional and national averages and the area has the third largest economy in Yorkshire after Leeds and Sheffield. 26,000 people are employed in engineering and manufacturing, 12.9% of all employees, compared with 8.2% nationwide.

Key Sectors include:

- **Chemicals:** employers include BASF and Nufarm UK.
- **Digital and telecoms:** Pace Micro and Radio Design are world leaders.

- **Engineering:** NG Bailey and Powell Switchgear.
- **Finance:** Yorkshire BS, Provident Financial, Santander UK.
- **Education:** has an employment share of 12%.
- **Health and Social Care:** is the biggest employer with 15% of all jobs, 3% higher than the national average.
- **Manufacturing and engineering:** Kone, Damartex, Seabrook, Hallmark Cards – 26,000 employees in the sector.
- **Retail:** Freeman Grattan and Morrisons have their headquarters in Bradford. 19,000 people are employed in retail.
- **Textiles:** BWMB, Bulmer and Lumb Group.
- **Utilities:** Yorkshire Water

11. Risk Assessment and Management

11.1 Introduction

Most of the risks facing Craven College are external rather than ones that arise from within the organisation. Some external risks can be co-managed by partnership arrangements (eg sub-contractors, universities, employers, voluntary sector), others are addressed solely by the College.

Some of the most important business risks facing the College arise from changing government priorities and need to limit overall government debt. Education and training policies of government and its agencies continue to undergo change which in turn impacts on the curriculum, funding and the context in which colleges operate, and the need to respond appropriately is important to maintain the College's standing with audit and quality assurance bodies. The process of Area Review of Post 16 providers was driven by the need to develop colleges that were financial sustainable.

The Further Education and Skills sector is increasingly being expected to play an important role in the community, helping to achieve objectives outside its more traditional educational and vocational responsibilities, and making a positive contribution to the economic climate. The sector is also expected to support the unemployed to improve their chances of finding work which again, alongside its more traditional role, presents considerable challenges for colleges. In addition, the maths and English Condition of Funding for 16 to 18 year olds is attempting to address weaknesses within the schools' sector at Key Stage 4. The sector is also seen as part of the response to the UK leaving the EU and the sudden need for home grown skills in place of migrant skills along with the urgent need to address poor labour productivity in the UK.

There are strong employer links across the College, with much of the direct work with employers taking place through Apprenticeships and Tyro Training. Apprenticeships are being seen as key to the government's skills agenda and ambitious targets have been established for growth of apprenticeship starts and extensive reforms made to funding through the establishment of a payroll levy for firms with payrolls in excess of £3m per annum and the introduction of Standards in place of Frameworks. Funding through the Adult Education Budget has been maintained, eligibility rules have been tightened which has made it hard for providers to achieve their allocation. Changes to criteria for funding eligibility has meant, and will continue to mean, that fewer adults will qualify for funding. Advanced Learner Loans have been extended to 19 year olds undertaking a qualification at level 3 or above (excluding Apprentices). Colleges are however still charged with working with employers with the expectation that the employer or student will pay for training.

The surprise majority win by the Conservatives in May 2015, the loss of the EU referendum and a snap election in June 2017 has meant that austerity has continued unabated and is likely to continue in to the middle of the 2020s – this is unless you are in the large parts of the public sector exempt from cuts. The

exemptions are now so extensive that the few areas left like local councils and Further Education are taking a disproportionate share of further reductions.

The traditional role of the Further Education and Skills sector will continue to develop and undergo change and the College will need to prioritise its capabilities, expertise and resources in order to respond to meeting government priorities and the needs and expectations of students, employers and the local community.

11.2 Policy Change Risk

The College receives the majority of its funding from the Educational and Skills Funding Agency (ESFA) with the priorities for its utilisation being subject to current government policy. Allocations are primarily based on previous activity levels with adjustments accommodating changing priorities. Calculating financial risk in relation to this funding is not always straightforward owing to the difficulty of assessing the impact of forthcoming changes. In relation to ESFA funding, some level of stability has been reached within the model though it is subject to periodic shocks such as the lowering of funding for 18-year-old students and cost pressures elsewhere within the Department for Education Budget.

The HE system is now based fully on fees being paid by students with a small contribution from HEFCE for weighted programmes. The Student Number Control has been removed which has meant successful universities expanding their intake at will.

Since 2007 the College has suffered from two partner universities being unable to commit to long term relationships. However, the College's current arrangement with Open University is working well and the arrangement with York St John requires review due to small numbers. The successful outcome of the Quality Review Visit by QAA has strengthened the College's position.

The College will continue to investigate increasing other sources of income (projects, partnership activity, fees) and to introduce new income streams towards reducing dependence on the ESFA thereby spreading associated risk. However, withdrawal from the EU will remove the considerable opportunities that European Social Fund (ESF) has presented over the past years with no certainty of replacement by the UK government.

Local Enterprise Partnerships (LEP) have developed over the last 5 years. Responsibility for Skills Capital has been handed to LEPs and they have a significant role in administering and allocating educational and training projects funded through the European Social Fund. It is anticipated that the LEP will have increasing influence or control over the allocation and use of the Adult Education Budget through Devolution Deals. This creates risk through uncertainty for the College.

Risks relating to policy change are discussed in more detail in the **Financial Environment** and **Educational Policy Context** sections above.

11.3 Financial Health Risks

Given that the College is primarily a publicly funded, not-for-profit organisation, an obvious way by which the College can moderate financial risk is to establish larger cash reserves. Increasing the amount of cash available, at a time when funding in the Further Education Sector is undergoing change and reduction, is likely to involve spending less and saving more, alongside increasing revenue from sources other than the ESFA.

The Area Based Review process has created, and continues to create uncertainty for the College, whilst also creating opportunity to consolidate its position in the Aire Valley.

An additional challenge facing College management and governance is the need to further invest in the

College estate and improve resources to ensure that the College remains attractive and competitive with regard to recruitment of future students. The College needs to continue to take advantage of grants available to support this objective. The Local Enterprise Partnerships are now responsible for Skills Capital as this has been transferred from the Skills Funding Agency. The priority for projects remains targeted at condition improvement and developments that contribute to local economic priorities and employment. Contribution rates to projects have generally been 50% which is helpful though the funds are in competition for other infrastructure projects e.g. roads and housing. The College has been successful in tapping into these funds whilst at the same time limiting its borrowings to within 5% of turnover.

Staff salaries constitute a major cost to the College. The College has effectively managed to provide an annual pay settlement each year since 2012 excepting 2017 as well as funding significant rises in employers' National Insurance and employers' contributions to the Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme (TPS). Pensions, which are in effect deferred pay, have become increasingly expensive to provide and will become more so over the years.

The College has continued to drive efficiency improvements through curriculum and estate rationalisation, more effective procurement and the use of technology. In order to strengthen cash reserves to maintain the financial health of the College, to allow the College to pay competitive salary and wage rates and to provide reserves to part finance capital developments, it will be necessary to review income and expenditure and the extent (but not the quality) of the service provided. This will involve further reshaping of some of the College's curriculum and services to improve efficiency further, which may necessarily have repercussions for, and impact on, both College staff and the people and organisations it serves.

Colleges continue to face a period of budgetary constraint and financial challenge. Needing to do more to generate revenues while minimising costs, taking into account the wider, social, educational and economic responsibilities placed upon the sector means that the College has to be flexible in its ability to respond to demands as they arise and to changes in national policy and local demand.

The College will remain heavily dependent on ESFA funding and will maximise opportunities to increase allocation levels, however this is an area where the College has little control. Actions by the College to increase revenue in the short to medium term will therefore centre on those areas that can be influenced locally including ensuring all funding to which the College is entitled is claimed, further expansion of Apprenticeship provision, annual review of fees, expansion of full cost recovery activity, investigation of shared resource/collaborative opportunities, partnership working, maximising opportunities presented through externally funded initiatives/projects and being an effective deliverer of European Social Fund projects.

Review of College expenditure and cost structures will be ongoing and will inform the planning process, the underlying principle being to strengthen the College's financial position. The College has reviewed its finances through to 2021 and remains confident it can maintain a good level of financial health and small operating surpluses.

11.4 Full-time Student Recruitment Risks

Craven College relies heavily on the recruitment of full-time students. 16-18 year olds are funded through the Education and Skills Funding Agency (ESFA), the main source of income to the College, and currently in the region of £6.5m. The lagged funding model means that growth in numbers of 16-18 students is reflected in an increased allocation the following year. The College is therefore in a position to influence future allocations to an extent by recruiting unfunded student numbers over and above the allocation. The College rebuilt its allocation from the significant fall in AY2011-12 but has fallen back in AY2016-17 due to significantly lower recruitment levels. The College will seek to rebuild its allocation

over the coming years in the face of a declining population of young people in Craven. The difficulty the College faces when numbers fall is that costs remain static as average class size declines rather than less classes being formed. Fortunately, the converse is also true.

Adults are funded by the ESFA through the Adult Education Budget (AEB). This funding stream supports 19+ classroom provision, 19+ Apprenticeships and 19+ Work Place Learning. The current allocation is in the region of £1.75m of which approximately £600k is earmarked for 19+ Apprenticeships, a government priority for growth. The remainder can be used for classroom or workplace delivery. The most efficient way of utilising this funding is to recruit full-time 19+ students, to be taught alongside 16-18-year-old students. This increases average class size and minimises additional cost, whereas additional part time classroom provision (where it is likely to be predominantly 19+) and Work Place Learning incurs additional staff/delivery costs. However, the introduction of fees and loans for a range of 19+ students has reduced the demand for places and the College has become more reliant on 16-18 students in its main classroom based activity.

Higher Education students are predominantly funded by student loans with some income from HEFCE and students' personal resources. This funding stream supports Foundation and Honours degrees, Higher Nationals and level 5 qualifications. The current income is £1.2m and has seen a decline due to falling numbers linked to competition from universities as the Student Number Control was removed.

Failure to recruit full-time students therefore poses a vital risk to the College's financial stability. This risk will continue to grow as schools try to retain students for as long as possible and universities compete strongly for a falling cohort of 18 year olds. The vote to leave the EU has also decreased the number of EU students attending UK universities and increased the pressure to recruit UK students. The College will act to increase ESFA allocations whilst seeking to minimise cost in relation to 19+ full-time delivery.

11.5 Part-time Student Recruitment Risks

The majority of part-time courses cater for 19+ students, and are funded through the ESFA's Adult Education Budget (AEB) allocation. The AEB allocation is not subject to a lagged funding model and underachievement is clawed back in year. Therefore, it is crucial that the College achieves its allocation as there is limited opportunity to react to the cost impacts of underperformance. However, the ESFA frequently alters the funding rules which removes certain types of provision or students from funding which, though the allocation remains static, becomes harder and harder to fill.

Outside of Apprenticeships and provision within the Schools, the remainder of the AEB allocation is delivered through Tyro Training (classroom, distance learning and Work Place Learning), community provision and sub-contracting which is also managed through Tyro Training. The College has continued to achieve growth in apprenticeship provision for 16-18 year olds as well as adults.

In order to meet AEB allocations, the College subcontracts some provision to other private training providers or community focused organisations. This delivery is the least profitable of the options available to the College and also carries increased risk in terms of the monitoring of the activity in relation to both quality and finance. The College selects its sub-contractors carefully to ensure they are within region and contribute to the strategic and curricular objectives of the College and are not merely a means of fulfilling an allocation. The criteria for selection are published on the College website and all sub-contracting and sub-contractors require Board approval.

11.6 Full Cost Recovery Business Risk

In recent years funding for many courses has been removed owing to changes in government policies resulting in an increase in full-cost recovery provision for courses that were previously funded. This has resulted in fewer student numbers overall. The College offers a wide range of full cost recovery courses, although much reduced, and will continue to do so where viable, thereby serving the needs of the

community.

Tyro offers full cost recovery provision for employers/employees through scheduled courses at Crescent House, at the Scarborough centre and elsewhere in addition to bespoke activity. The development of this activity has picked up since the major downturn following the financial crash. The very low and falling levels of UK productivity also present an opportunity particularly as leaving the EU will require UK companies to develop the talent of the indigenous population instead of relying on EU migrants – this may also boost apprenticeship provision.

The potential loss of income risk within full cost recovery is linked to the following possibilities: failure to provide options the community and businesses demand; failure to provide quality of provision; on-going lack of investment potential from individuals and businesses (linked to the recession); and competition from other providers.

The College mitigates the risk by analysing competition against its own provision, ensuring quality is at the heart of provision through teaching qualification criteria and industry/vocation experience requirements, conducting market research through community partnerships, reviewing LEP priorities, Business Development Advisers and published labour market information thereby ensuring provision meets market needs, developing new curriculum to meet market trends, and remaining aligned to industry-recognised bodies/awarding organisations, as demanded by business.

11.7 Competition Risk – Universities, Colleges, Schools, Private Providers

The College is facing increased competition from other providers of education and training. Competition from universities has increased as the Student Number Control (SNC) has been removed and a number of universities have started making unconditional offers to level 3 students. The majority of the courses in the College's higher education portfolio do not compete directly with those universities and colleges located relatively close to Craven (the nearest HEI is 22 miles away). The College's HE provision has seen a shift away from part-time study to full-time study and is now almost entirely based on full-time students. This change is mirrored across all HE providers. The attraction of Craven is that the provision is local and students can live at home and maintain their job. The successful outcome of the recent Quality Review Visit by QAA highlights the high standard of HE at the College.

Other FE colleges continue to pose a risk to Craven College with regard to the curriculum offer, accommodation and resources, quality and reputation, levels of fees and appeal of a particular college or campus to a potential student or student group. The recent improvements in the College estate will help support student recruitment and the competitive position with other FE providers locally. Several local colleges achieved an outstanding grade at their last Ofsted inspection and the College needs to regain its "good" Ofsted rating as a matter of urgency. Changes in the management of the curriculum at a senior level have started to drive significant improvements in achievement rates back towards and above the national average.

Increasing competition from schools is a key issue. School sixth forms are changing rapidly. Most are seeking to expand their numbers due to increased financial pressures. In some cases, schools are increasing their intake to A level programmes whilst maintaining the same number of classes and/or expanding the range of vocational programmes to meet the needs of less able young people or those level 3 students attracted by a vocational route. Collaboration between sixth forms is also increasing which allows them to extend their offer whilst remaining financially viable. If you add into this mix an increase in the number of schools through the establishment of Free schools, Studio schools, University Technical Colleges and sixth form academies there is a great deal of competition for a significantly reducing cohort of 16-18 year olds. This represents a very high risk to the College. Private training providers have posed an increased threat in recent years and will continue to do so. Many providers, some of which are large national organisations, hold direct contracts with the ESFA for 16-18 and 19+

Apprenticeship provision. The competitive pressures are increased within Craven given the ageing population and a significant decline in the cohort of 16-18 year olds over the next 10 years.

Private training providers continue to compete with colleges in relation to the delivery of Apprenticeships and Adult Education. Although there are no longer any providers working directly from premises within Skipton, there are nevertheless other providers who deliver within the Craven area. The College, however, is significantly the biggest provider of Apprenticeship activity in Craven with outstanding success rates, and will continue to monitor the activities of other providers. Apprenticeships are delivered over a wide geographical area from the Skipton centre and also from the Scarborough centre and the College will seek to further promote and develop this activity in order to maintain and increase its Apprenticeship provision in line with government priorities.

11.8 Staff Loss Risks

Critical to the ongoing success of the College is the retention of key staff. One way in which key staff can be retained is by ensuring that salaries and terms and conditions are competitive. Terms and conditions offered by the College are attractive and indeed exceed those of many comparable employers. Salaries, not considered to be especially generous in the past, suffered further slippage in the period 2008 to 2012. However, since 2012 annual pay rises in most years of a modest nature have been provided and the lowest paid in the College have received substantial increases taking them within 3% of the Living Wage Foundation recommendation. The College has generous holidays and sick pay arrangements and continues to offer final salary/defined benefit pension schemes to all staff. The College has not adopted the novel self-employment practices widely practiced in some areas of the private sector.

Remuneration is, of course, not the only factor in retaining and attracting good staff. The College has in place rigorous recruitment procedures, initially promoting the College in order to attract applicants and subsequently to ensure the right person is appointed. The College offers an excellent location and a welcoming, safe and friendly work environment. There are induction, probationary, appraisal and capability procedures in place and on-going staff development opportunities for staff at all levels within the organisation. Staff turnover at the College remains low around 12%.

11.9 Business Continuity Risks

In the context of Business Continuity, the major areas of risk for the College are identified as (but not limited to):

- Loss of life and/or major injury/ major infection/ illness;
- Closure or partial closure of a campus;
- Major loss of computing capacity;
- Loss of key staff;
- Default of major supplier;

The College has in place a Business Continuity Policy. The purpose of the policy, and the associated Business Continuity Plan (BCP), is to inform and prepare College staff should an incident occur at College or during an associated College activity such as an educational trip. The aim of the BCP is to enable the College to continue to function with minimum disruption to our staff, students and visitors should an incident occur, whilst ensuring the best possible care is provided for them. Together, these documents provide the information required to manage an incident.

The main objectives of this Policy are:

- To ensure staff are informed of the procedures for managing an incident;
- To ensure the regular review and updating of the BCP and associated procedures;
- To provide protection for all staff, students and visitors during an incident.