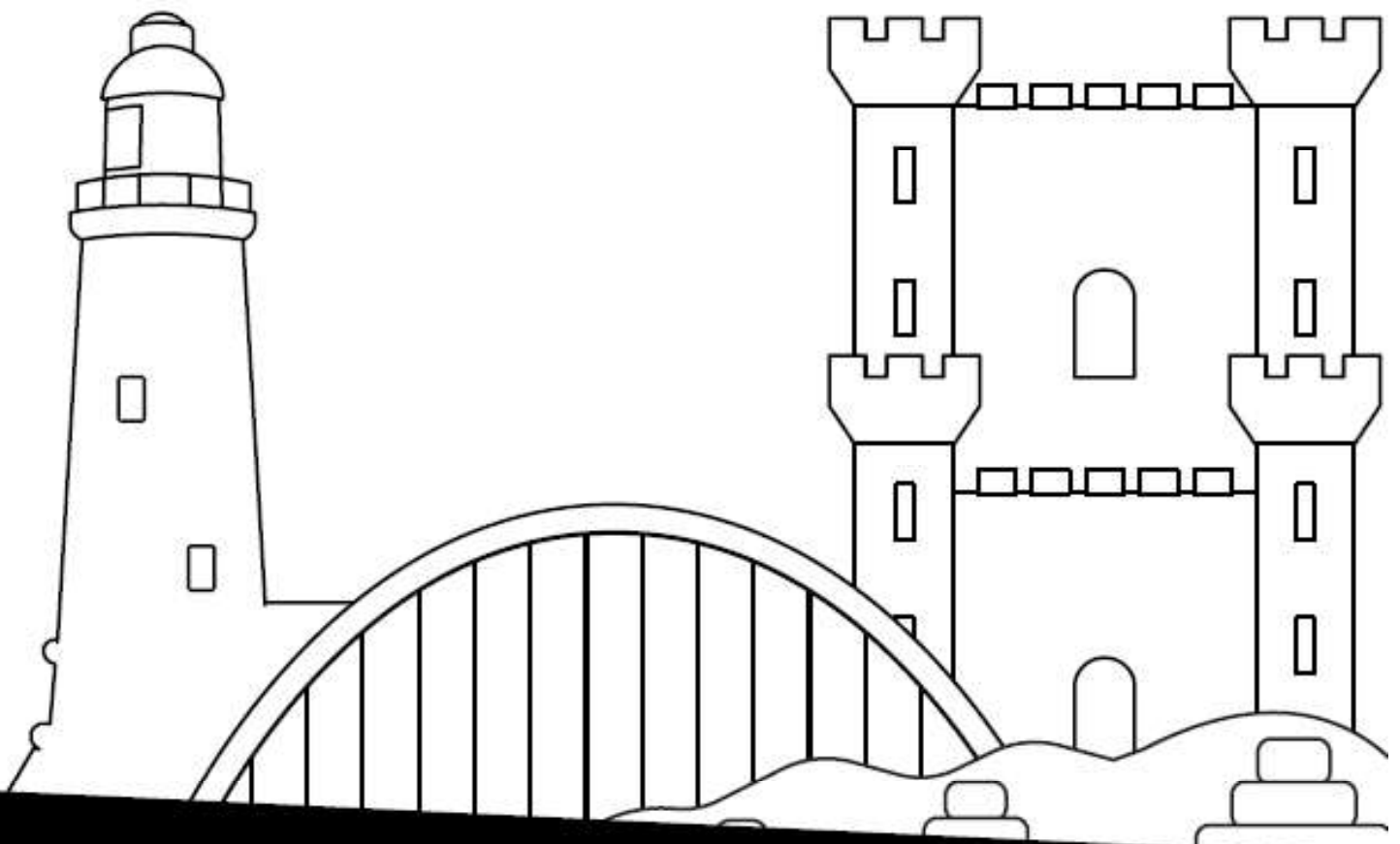


TYNE COAST COLLEGE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020



TyneCoastCollege



South Tyneside College



tyne
metropolitan
college



South Shields
MARINE
SCHOOL



QUEEN
ALEXANDRA
SIXTH FORM COLLEGE

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Senior Executive Group and were represented by the following in 2019/20:

Dr Lindsey Whiterod CBE, Chief Executive Officer; Accounting Officer
Ms Alison Maynard, Deputy Chief Executive (to 03/07/20)
Ms Jane Cuthbertson, Chief Finance Officer (from 01/08/19)
Ms Catherine Donnelly, Executive Director of Human Resources
Mr John Roach, Principal South Shields Marine School (to 09/04/20)
Mr Simon Ashton, Acting Principal South Shields Marine School (from 10/04/20)
Ms Audrey Kingham, Principal Tyne Metropolitan College (to 30/09/19)
Ms Mo Dixon, Principal Tyne Metropolitan College (from 01/01/20)

Board of Governors

A full list of Governors is given on pages 19 to 21 of these financial statements.

Mr Neil Longstaff, Director of Governance, acted as Clerk to the Board throughout the period.

Principal and Registered Office

St George's Avenue, South Shields, Tyne and Wear. NE34 6ET

PROFESSIONAL ADVISERS

Bankers

Barclays PLC
Percy Street
Newcastle upon Tyne
NE19 4QL

Financial statement and regularity auditor

Mazars LLP
Salvus House
Aykley Heads
Durham
DH1 5TS

Internal auditor

RSM LLP
Springfield House
76 Wellington Street
Leeds
LS1 2AY

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STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31st July 2020.

Tyne Coast College aims to provide outstanding educational opportunities for the benefit of the students and the communities we serve. We wish to be a world-class educational facility focussed on the developing the potential of the employees of the future, thereby ensuring the long-term prosperity of our region.

Legal Status

The Tyne Coast College Board was established on 1st August 2017 under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Vision and Mission

Our vision: Unlocking your Full Potential

Our mission is to provide outstanding educational opportunities for the benefit of the students and the communities we serve.

Implementation of Business Plan

The College adopted a business plan for the period 1st August 2018 to 31st July 2023.

The College's key goals are:

1. Delivering outstanding education: teaching and learning

Teaching excellence must be at the heart of a world-leading Further Education college. For students and employers, who now invest substantially in their education, it is of critical importance. We are committing in this plan to stimulate greater innovation in teaching and to share excellent and expert practice across all curriculum areas, working closely with the Further Education sector bodies and with partner organisations worldwide. More generally, we need to build better ways of capturing excellent educational outcomes, and of refining existing indicators of students' learning experiences and progression to employment or further study or learning gain, and we will explore how we might promote increases in social capital and social agency. Supporting the interests of students by ensuring they have relevant and trustworthy information about employment opportunities and career paths, will continue to be an important aspect of our work.

In the period from 2018 to 2023, we will give key attention to high-level technical knowledge and skills. We will work with employers and partners to improve the range of professionally recognised technical routes on offer to students at levels 1-6, and to the progression pathways from intermediate to advanced levels, including pathways to and from apprenticeships and for part-time students alongside their work. Whatever choice they make during and after leaving school, our students should be able to develop their careers at any stage by taking appropriate opportunities to learn, to re-skill, and to obtain qualifications, which are recognised and valued by employers and by society more generally. We will continue to support the need for participation in science, technology,

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engineering and mathematics (STEM) subjects, and we will take steps to develop key subjects in other areas where this serves regional, employer and LEP interest.

2. Supporting social mobility

We are a major contributor to inter-generational social mobility. We enable individuals from all backgrounds to achieve their full potential as citizens, as professionals, and as highly skilled and valued employees. While progress has been made in the last five years to improve access to education from under-represented groups, there is still more to do. Continuing the improvement in participation from all under-represented groups, and eliminating unacceptable disparities in achievement and progression outcomes, therefore remain important objectives on which we will continue to lead.

During the 2018-2023 period, we will work to increase enrolments by developing increasingly deep relationships with schools and employers. Students with disabilities have long been central to the colleges' support for access and student success, but there is a need during the period of this plan to refresh our understanding of the latest challenges and practice across the sector, and to ensure that our teaching approach remains optimal. We are tackling this by gathering evidence on how students with specific learning difficulties are being supported, and on provision for students with mental health problems and/or physical impairments where intensive or multi-agency support is required. These studies will feed into our wider plans for supporting every student. We will nurture enterprise and entrepreneurship across the private, public and voluntary sectors, and we are attuned to the competitive world in which we live. We deliver both economic and social innovation. We will support spin-outs and start-ups from our own students and staff; provide services to entrepreneurs; develop links with business and science parks where small and medium-sized companies find an environment conducive to innovation and growth; participate in inward investment initiatives; and engage with businesses more broadly in response to their needs. We are an important 'anchor' and 'place-maker' in our local and regional geography. Through 'smart specialisation', and our expertise in skills development, we will contribute proactively to the economic development priorities of our North East LEP and NECA. We play a leading role in the social, cultural and intellectual life of the towns and communities in which we are located.

3. Quality in everything we do

Quality assessment and assurance is an essential part of our business plan. Our future quality procedures must continue to be internationally respected, to have the confidence of students, employers and Ofsted, and support our world-class reputation. During the early years of this plan we will develop future approaches to our assessment of quality in our Further and Higher Education delivery to ensure we robustly enforce the highest standards. We will develop innovative approaches to our quality assurance systems that are risk-based, proportionate, affordable and low-burden. Any new arrangements must build on established strengths and good practice, and reflect the values and cultures of the college.

In fulfilling our responsibilities with regard to quality assurance, we have always relied on our own robust quality assurance systems and we will continue to benchmark and use external validation to ensure we are challenged on everything we do.

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4. Financial sustainability and efficiency

We will work with Governors, Auditors, Funders and Regulators to ensure we are managed on a financially sustainable basis. It is vital that the college continues to invest in its facilities and infrastructure and to develop collaborative arrangements for their use where appropriate. Our capital funding for teaching and learning will be targeted in an efficient way to ensure value for money and to support the college in providing facilities that are up-to-date and relevant. We will continue to monitor and evaluate the quality of the college's estate. Both predecessor colleges have a strong record for delivering efficiencies while maintaining high-quality teaching and learning. As public finances are likely to remain stretched during the period of this business plan, there will be a sharpening focus on the efficiencies delivered by the combined college.

5. Work in partnership

To meet our objectives, we need to work with and through others. We will promote a constructive dialogue with schools and universities, and with their representative partners. We will continue to work and develop stronger relationships with employers and industry bodies. We will seek to develop positive relationships with new providers, with new entrants to the publicly funded sector and with international bodies where relevant.

6. Communications

Professional, targeted and effective communications are critical to the delivery of our aims and objectives. Our stakeholder surveys found high levels of partner and stakeholder satisfaction with the way we communicate. We also want to improve the ways that we listen to and engage with our stakeholders, and we want to do more to ensure that we are communicating clearly and consistently about what we are doing. We will ensure that the prospectuses and information we publish are more accessible and disseminated to a wider audience in order to stimulate recruitment. We are considering how to focus our communications more effectively to meet the needs of our different stakeholder groups, and we will improve the quality of our marketing and the way we report on their outcomes.

7. Growing the business

North and South Tyneside and the wider conurbation is presented with a number of significant opportunities in the years ahead. As a region, we must take on the challenge of filling our skills gap and growing our thriving sectors, and we must continue to regenerate and redevelop those areas of our region that can best attract new investment, industry and jobs.

We must also be mindful that there are still areas of our region, which need support – where high unemployment and low levels of skills and aspiration remain. Tyne Coast College plays a vital role in North and South Tyneside and the wider region's future prosperity but with past and potential future cuts in funding, we must think more innovatively to make our resources and influence go further. The Government's expectations of the FE sector have also evolved. An emphasis on the delivery of apprenticeships and higher level technical qualifications means that the college must work much more closely with local businesses and employer bodies to ensure we are fully responsive to changing needs and skills gaps.

We will also increase our income diversification and continue to grow our commercial activity to reduce our reliance on Government funding.

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It is also widely acknowledged that both North and South Tyneside have insufficient numbers of appropriately qualified residents with the required core skills to meet the emerging needs of our regional economy. We believe that Tyne Coast College is the best provider to meet these challenges, being more resilient, efficient and better able to provide a more coherent and high-quality offer. Our guiding principle throughout our planning is whether we will enhance opportunities for our local, regional and international students. As a new, stronger, more financially resilient college, we will develop specialisms nationally, internationally and in each campus and better facilitate the development of higher levels skills provision, apprenticeships and higher education opportunities. We will engage with employers and ensure that students are ready for the job opportunities of the future.

The college developed a number of strategic priorities and key performance indicators for the college and these are fed into work packages for the key operating units (South Shields Marine School, South Tyneside Professional and Vocational College and Tyne Metropolitan College) as well as the key packages for 2019/20. Further information can be found on these in the Business Plan 2018-23.

RESOURCES

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

During the year ended 31 July 2020 the College employed 535 people (457 are Full Time Equivalents (FTEs)) of whom 223 (186 FTE) are teaching staff.

Tangible resources include the South Shields campus, the Marine Offshore and Safety Training Centre on the South Shields riverside, the Tyne Metropolitan campus in Battle Hill and the Queen Alexandra sixth form campus.

As at 31 July 2020, the College has £5,274,000 (2018/19: £23,799,000) of net assets (including £40,330,000 (2018/19: £22,700,000) LG pension liability) and long term debt of £8,026,000 (2018/19: £8,739,000).

The College reputation for educational quality is growing year-on-year, regionally, nationally and internationally. In delivering a wide range of qualifications across broad subject areas, maintaining a distinctive and high-quality brand is especially important. Doing so allows the college to attract large student numbers from its local catchment area and maritime learners from across the UK and overseas.

The college is a recent winner of the Pearson Teaching Awards' Silver Teaching Award for Excellence in Special Needs Award. The Career College North East, through which it delivers specialist training to 14-year-olds, clinched the Careers College Trust Project Based Learning Best Practice Award. South Shields Marine School is also a winner of the Educate North Awards' International Partnerships Award and of the highly prestigious Queen's Anniversary Prize. The Queen's Anniversary Prize, given by the Queen every two years for outstanding work by colleges and universities, was awarded in 2020 for ground-breaking marine-based work in 3D computer imaging software. The college Chief Executive, Dr Lindsey Whiterod CBE, is a National Leader of Further Education.

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STAKEHOLDERS

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

- current, future and past students;
- staff and their trade unions; the senior management team are named on page 2. The trade unions of which Tyne Coast College staff are members are the University and College Union, National Education Union and Unison;
- we work with a number of key stakeholders across the region including North East LEP, North and South Tyneside Local Authorities, Northumberland Council, North of Tyne Combined Authority and the Chamber of Commerce. Major employers in the region who we support with training and development include the NHS, Siemens, Northern Power Grid, EDF and the Local Authorities. We also work with a wide range of SMEs in a variety of sectors ranging from Construction to Engineering, Catering to Floristry, Sport to IT and Health and Care to Hair and Beauty;
- we work with a number of professional organisations in all sectors we deliver in including the Advanced Manufacturing Forum, Sport England, Hair and Beauty Industry Authority, CITB, Hospitality Awarding Body. We also work closely with a number of awarding bodies including City and Guilds, Pearsons, OCR, NCFE, One Awards and CACHE. For Quality and Financial Assurance we conform to guidelines set by Ofsted, Office for Students, QAA, Institute for Apprenticeships, and the ESFA;
- we work in partnership with Connexions (North and South Tyneside) to provide support, advice and guidance to all secondary schools within the region. We provide support to year 10 and 11 students with regard to our wide Further Education offer and we work with all local sixth forms to promote our Higher Education offer. We work with all special schools and all Local Authorities across the region to promote our Foundation Learning and SEND offer. We also work in collaboration through the Institute of Technology NE with our partners at New College Durham, Sunderland College, Middlesbrough College, East Durham College, Derwentside College, Newcastle University, Nissan, NA College and the ESH group. Our Higher Education is delivered in partnership with Sunderland University, CACHE and Pearson's. We work in partnerships with a number of other training providers to allow us to widen our offer and spread our reach. These include the Foundation of Light, Northumberland Fire and Rescue Service, the Engineers Academy, TRN (Train), Tyne North Training and Career College North East. We deliver employability programmes through ESF and Local Authority contracts and work closely with Job Centre Plus the wider college community.

The College recognises the importance of these relationships and engages in regular communication with them.

Public Benefit

Tyne Coast College is an exempt charity under 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 pages 19 to 21.

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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: Examples of where the College has added value include:

- Tyne Coast College (South Shields Marine School) has been awarded the Queen's Anniversary Prize for Higher and Further Education (2018-2020) for its work in digital modelling, advanced training for ports, waterway development and safe ship movements. This is the most prestigious award that an educational institution can receive. The award recognises outstanding work by colleges and universities which deliver real benefit to the wider world and public through education and training.
- Staff provide a specialist and cutting-edge curriculum for learners and apprentices studying maritime programmes.
- The College has been re-awarded further funding following successful delivery and completion of a European Funded project 'Talent Match' working with a regional consortium to meet the needs of young adults through education, work experience and employment in North Tyneside
- Working closely with the Local Authority to develop digital strategy that will provide all adults with digital skills entitlement to improve local community digital competency.
- Achieving 'Good' grade during Ofsted inspection in Oct 2019 inspectors reported that Senior Leaders and Governors have ensured that the college campuses continue to support their local community well and that learners flourish and that disadvantaged young people have a positive view of education and their future for the first time.
- Outstanding Halls Ofsted Inspection, which commented on the guidance, support and care learners received from all levels of the organisation
- Relocation of the Motor Vehicle facilities to the South Tyneside Westoe campus to allow expansion of delivery and a better student experience for learners.
- Championed positive mental health by embedding initiatives into College curriculum and employee wellbeing campaigns through staff and student training on emotional resilience, additional support from the College Counselling team, and increasing the number of Occupational Health Clinics. Thirteen mental health ambassadors appointed from the student population to support their peers.
- The marine school has a truly multicultural student body. The international students bring a significant cultural diversity to both the College and the local community where they live.
- The strong influx of learners from outside of the locale adds significantly to the local economy

DEVELOPMENT AND PERFORMANCE

Financial Results

The Government instruction for all colleges to close to help reduce the spread of Covid-19 had serious implications for the college's forecast out-turn, with significant income reductions relating to summer term delivery, primarily a £2.1m reduction in Marine School income as a result of courses having to be cancelled or pushed back to a later date in the next academic year. A consequential effect of this was a reduction in anticipated Halls of Residences

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income. The college also identified a reduction in Apprenticeship delivery and in Adult Learning Loans income due to being unable to recruit any additional learners for the remainder of the year.

To mitigate the loss in income, the college identified pay and non-pay savings, utilised the Government furlough scheme and was able to generate additional income as the college was able to reopen.

The College generated a deficit before other gains and losses in the year of £2,413,000 (2018/19 a deficit of £3,338,000). £1,640,000 of this loss (2018/19 £2,630,000) is due to a charge on the Tyne and Wear Local Government Pension Scheme.

A key measure of financial performance of the College used by management on a day to day basis is Earnings Before Interest, Tax, Depreciation and Amortisation – Education Specific (Adjusted EBITDA). Adjusted EBITDA is one of the financial performance indicators which the college regulator, The Education and Skills Funding Agency (ESFA) uses to assess college financial health.

Adjusted EBITDA is defined as profit before net charges for depreciation and costs linked to actuarial pension movements (which are both non-cash expenses) and also before bank interest received and paid. A full reconciliation is shown on the face of the Statement of Comprehensive Income.

The college has generated an Adjusted EBITDA in the year of £1,852,000 (2018/19 £1,958,000).

Cash Flows and Liquidity

At £1,645,000 (2018/19 £574,000) net cash flow from operating activities were strong. £541,000 of this cash inflow was used to purchase fixed assets (equipment purchases and building works). The increase in cash in the year was £740,000 and the college still has a strong cash position of £6,625,000.

As at the year ending 31 July 2020, the college had an outstanding loan balance of £2.7m with Santander. This was part of the financing strategy for the construction facility new build in 2018.

During the year, the college received £1.2m from the government's Job Retention Scheme to mitigate a significant reduction in apprenticeship and fee income resulting from the college closure in March 2020 due to Covid-19.

Developments

Tangible fixed asset additions during the year were £541,000. The main additions are continued investment in the premises at all campuses, as well as IT and other equipment and furniture upgrades across all college sites.

Reserves

The college has accumulated reserves of £5,274,000 and cash balances of £6,625,000 (2018/19 £23,799,000 and £5,885,000). The significant reduction in accumulated reserves in the year is due to the annual Local Government Pension Scheme (LGPS) statement increasing the scheme deficit to £40,330,000 (2018/19 £22,700,000) and a £122,000 actuarial loss associated with the college's Enhanced Pension Provision. The college wishes to

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continue to accumulate reserves in order to create a contingency fund and to allow continued investment in the college premises.

Sources of Income

The college has significant reliance on the education funding bodies for its principal funding source. In 2019/20, the Education and Skills Funding Agency (ESFA) provided 51% (2018/19: 49%) of the college's total income.

FUTURE PROSPECTS

Financial Plan

The College's 2019-20 performance is strong despite the challenges associated with the college closure due to Covid-19. Income shortfalls for 2019-20 related primarily to the impact of Covid-19 within the Marine School commercial income. The college responded swiftly to these challenges to make savings and utilise available government support resulting in the college achieving an EBITDA above 4%. Whilst expected income has been factored into a robust Curriculum Planning process commercial income remains key risk areas in the next academic year.

The College governors approved a financial plan in July 2020, which sets objectives for the period to 2022. The key financial objectives are:

- Maintain an ESFA Financial Health rating of Good including an Adjusted Current Ratio of at least 1.4 in order to safeguard performance against future loan covenant requirements;
- Maintain reduction in the level of ESFA subcontracted provision to no more than 5% of total income;
- Review and revise the year end statutory accounts process to ensure an earlier completion of the statutory accounts; and
- Continued monitoring of the possible effect of Covid-19 regarding the college achieving the financial targets set in this budget.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions and the effective management of risks associated with those activities. The College has a treasury management policy.

All borrowing is authorised by the College Board of Governors. The need for borrowing takes into account the College's operating cash flow needs, investment plans and availability of credit.

Reserves Policy

The college has no formal reserves policy but recognises the importance of reserves in the financial stability of the College, and ensures that there are adequate reserves to support the College's core activities and to meet the long-term cyclical needs of capital investment and any other unforeseen contingencies. The College Income and Expenditure reserve stands at (£1,214,000) (2018/19 £17,227,000) due to the increase in the LGPS pension deficit.

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PRINCIPAL RISKS AND UNCERTAINTIES

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

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

The main risk factors affecting the college are outlined below along with the action taken to minimise them. Not all the factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

- **Covid-19**

The social interaction measures set out by the government could result in further restrictions on movement, leading to an inability of learners to physically attend College and consequently, an associated loss of income. This is particularly important with the Marine School.

This has been mitigated by a robust Curriculum Plan for 20/21 which was reduced to allow for a reduction in commercial income particularly from the Marine Sector and Apprenticeships. Government guidance and briefings are regularly reviewed to ensure compliance is maintained and to access any appropriate support schemes. Investment in laptops ensures that all staff and learners are able to continue to work and learn remotely. Risk assessments were reviewed and processes put in place to protect staff and residents within the Halls of Residence.

- **Government funding**

Whilst the college is less reliant on government funding than much of the sector, government funding still accounts for just over half of the college's income.

This government funding is predominantly through the ESFA for its 16 to 19 Further Education provision, Adult skills funding and apprenticeships (16 to 18 and adults).

An increasing element of the funding for general adult further education is received through tuition fees paid via the Student Loans Company (SLC) and the majority of higher education funding is now also received through tuition fees paid via the SLC. The remaining funding from the Office for Students (OfS) largely relates to widening participation and targeted allocations.

There is no assurance that government policy or practice will remain the same or that public funding will continue at the same level or on the same terms, particularly when considering that the government will have to identify ways of reducing government borrowing post Covid-19.

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The College submitted a financial health calculator to the ESFA covering the period to July 2022 and, within that plan, identified potential reductions in funding and the counter measures by which the College will ensure that it remains financially viable. This will involve a combination of cost efficiencies and conservative growth in commercial income sources as the economy starts to recover post Covid-19.

This College will continue to mitigate against potential loss of income by:

- ensuring that the College continues to deliver high quality education and training;
- maintaining and managing key relationships with funding bodies;
- taking the appropriate action to maintain its good financial health; and
- continuing to develop remote education and training to reduce the impact of the government's Covid-19 restrictions on course delivery.

- **External Factors**

There are a number of external factors which are outside the control of the college which could impact on the college's financial health and stakeholder obligations, including:

- changes in government policy, which could cause a decline in income and consequently require the college to review its cost base;
- devolution within the North of Tyne region, which has resulted in almost half of the college's adult training budget being sourced via the North of Tyne Combined Authority (NoTCA), resulting in the college having to liaise with 2 separate authorities to deliver future adult programmes;
- the impact on the college balance sheet of the annual Local Government Pension Scheme (LGPS) valuation could result in the college failing to meet its bank loan covenants.

This risk is mitigated by:

- the college having a robust Curriculum Planning process which considers future levels of government funding and is aligned to meet emerging government and employer priorities;
- effective stakeholder engagement to develop good working relationships with the devolved authority to meet its regional skills development strategies; and
- effective communication with the college's banking relationship managers to assure them of the college's financial health and ability to meet its obligations.

- **Competition and demographic changes**

Competition for student numbers within the region is a significant risk to the college, particularly with some local colleges having city centre locations and new buildings which can be attractive to learners. Effective transport links can make it easy for learners who live close to the college campuses to travel to alternative training providers.

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Demographic changes mean that the number of 16-18 year old learners is slowly starting to improve, however many local schools are delivering 16-18 education, making it difficult to attract some learners from these potential feeder schools.

This risk is mitigated by:

- continual review of the college offer to deliver provision which is relevant to the employment market;
- continuing to improve on college success rates and the quality of provision to attract learners to the college;
- Effective schools liaison with feeder schools and academies to promote the college offer to young people; and
- effective marketing strategies and targeted campaigns to promote the college and its curriculum offer locally, nationally and internationally.

KEY PERFORMANCE INDICATORS

The college set a number of financial indicators as part of its budget setting for 2019/20. All of the objectives apart from the Adjusted Current Ratio score were met and are outlined below:

- Maintain an ESFA Financial Health rating of Good including an Adjusted Current Ratio of at least 1.4 in order to safeguard performance against future loan covenant requirements. The end of year Adjusted Current Ratio is 1.34.
- Maintain reduction in the level of ESFA subcontracted provision to no more than 5% of total income
- Review and revise the format of Management Accounts to focus reporting and forecasting on income and contribution by business unit/departments and by ESFA classifications
- Formalise a revised budget setting process and timetable and regularly update information using the ESFA financial health framework
- Implement new income forecasting and reconciliation processes for the Marine School.

The College had a full OFSTED inspection in October 2019 and was awarded a rating of “Good” following this inspection.

Student Numbers

In 2019/20, the College has delivered activity that has produced £14,232,000 in main FE allocation funding (2018/19: £15,867,000).

The college enrolled approximately 9,700 students in 2019/20. The college’s student population includes 250 school age pupils; 2,700 16-18 year-old students; 950 apprentices, 1,050 higher education students, 750 international students and 4,000 adult learners.

Student Achievements

Overall success rates in 2019/20 are 94% (2018/19 91%).

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Payment Performance

The College endeavours to pay all validated invoices within 30 days of the invoice date unless different terms have been agreed with the supplier.

OTHER INFORMATION

Equality and Diversity

The College values and recognises the social and cultural diversity in which it operates and seeks to promote equality, and respect the dignity of all staff and those individuals to whom it provides services. The College aims to provide conditions which encourage everyone to participate in learning and actively combat harassment. The College has a fundamental belief in the right of everyone to be treated with dignity and respect, regardless of age, disability/learning difficulties, ethnic origin, gender, marital/civil partnership status or domestic responsibilities, religion or belief, sexual orientation, socio economic background, transgender or health (including mental health).

The College's Equality and Diversity Policy is published on the College's Intranet site.

The College produces an Annual Equality and Diversity Report to ensure compliance with all relevant legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and updates them as policies are amended.

All new staff receive Equality and Diversity training as part of their induction programme and refresher training is carried out regularly.

The College welcomes applications from people with disabilities. Where an existing employee becomes disabled, every effort is made to ensure that employment within the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are identical to those for other employees.

Disability Statement

The College Disability Equality Policy seeks to achieve the objectives set down in the Equality Act 2010. The College publishes a Disability Statement annually entitled "A Guide to Access". The statement provides information to organisations, individual enquirers, students and staff about the range of support services and facilities currently available in the College and also includes details of how to access those services. The guide is printed in standard and large print formats and can be made available in Braille and audio formats on request.

- The College continues to make reasonable adjustments to existing accommodation and to improve access as part of the College refurbishment programme;
- The College has Additional Learning Support Co-ordinators, who provide information, advice and arrange support where necessary for students with learning difficulties and disabilities;
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available;
- The admissions policy for all students is published on the intranet. A decision not to offer a place is dealt with under this policy;

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- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of learner support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published;
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction; and
- The College has invested significantly in improving its facilities for Learners with Learning Difficulties and Disabilities.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
11	10.51

Percentage of time	Number of employees
0%	
1-50%	11
51-99%	
100%	

Total cost of facility time	£22,176
Total pay bill	£22,600,000
Percentage of total bill spent on facility time	0.098%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Going Concern

After reviewing its forecasts and projections, the governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College therefore continues to adopt the going concern basis in preparing its financial statements.

Tyne Coast College

Further details relating to the impact of Covid-19 and bank loan covenants can be found in note 1 of these financial statements, however there are no issues which would adversely affect the opinion that the college can continue as a going concern.

Events after the end of the reporting year

There were no events after the end of the reporting year.

Tyne Coast College

Disclosure of Information to Auditor

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

Approved by order of the members of the Board on 27 January 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Watts', with a horizontal line drawn underneath it.

A Watts
Chair

Tyne Coast College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and

In the opinion of the governors, the College complies with the provisions of the Code and it has complied throughout the year ended 31st July 2020. The Board of Governors recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes account of Code of Good Governance for English Colleges issued by the Association of colleges in March 2015, which it formally adopted on 8 July 2015.

The Board of Governors

The members who served on the Board of Governors (the Board) during the year and up to the date of signature of this report were as listed below:

Name	Date of Appointment(s)	Terms of Office	Date of Resignation/ End of Office	Status	Committees Served (up to 31.07.2020)	Full Board Attendance (up to 31.07.2020)*
Mrs S Alexander	1 Aug 2017 1 April 2020 (extended term)	Until 31.7.2021		College Governor	Audit Quality and Standards STC (PVC) BCSG TyneMet BCSG Emergency Planning	33%
Mr D Byrne	17 Oct 2011 17 Oct 2012 17 Oct 2016 extended term	Until 16.10.2021		College Governor	Business Development SSMS BCSG Emergency Planning	100%
Mr G Clark	9 July 2014 9 July 2015 1 Aug 2017 18 Dec 2019 1 April 2020 (extended term)	9.7.2014 - 28.1.2019 Until 8.7.2023	28.1.2019	College Governor	Audit QA Sixth Form College Performance Review Emergency Planning	100%
Dr G Cruickshank	1 Aug 2017 1 April 2020 (extended term)	Until 31.7.2022		College Governor	Performance Review Business Development TyneMet BCSG	66%
Mr B Garner	1 Aug 2017 1 April 2020 (extended term)	Until 31.7.2023	10.8.2020	College Governor	Gov & Search Audit Performance Review TyneMet BCSG Emergency Planning	66%
Dr M Grady	1 Nov 2015 1 Nov 2016 1 Aug 2017	Until 31.10.2024		College Governor	Finance & Resources Quality and Standards STC (PVC) BCSG	66%

Tyne Coast College

	1 April 2020 (extended term)				Dr Winterbottom Ch Trust Performance Review Emergency Planning	
Prof G Holmes	1 Aug 2017 8 July 2020 (extended term)	Until 31.7.2021		College Governor	Business Development Quality and Standards	100%
Mr M Hottass	1 Aug 2017	Until 21.3.2025		College Governor	Finance & Resources	66%
Mr M Overton	1 Nov 2014 1 Nov 2015 1 Aug 2017 1 April 2020 (extended term)	Until 31.7.2023		College Governor	Audit Gov & Search Performance Review STC (PVC) BCSG Emergency Planning	100%
Mr A Reynier	6 July 2016	Until 05.7.2020	05.7.2020	Staff Governor	SSMS BCSG	50%
Mr C Seccombe MBE	1 Aug 2017 1 April 2020 (extended term)	Until 31.7.2022		College Governor	Gov & Search Finance & Resources Dr Winterbottom Ch Trust Quality and Standards SSMS BCSG Emergency Planning Academies Partnership Group	100%
Mr I Pippin	15 Oct 2020	Until 14.10. 2024		Staff Governor	N/A	N/A
Donya Urwin	1 Jan 2020	31 December 2020		College Governor	Finance & Resources	100%
Mr A Walton	24 March 2016 24 March 2017 1 Aug 2017 1 April 2020 (extended term)	Until 23.3.2025		College Governor	Finance & Resources Business Development QA Sixth Form College	33%
Jacqueline Watson	1 Jan 2020	31 December 2020		College Governor	Quality and Standards	100%
Mr A Watts	17 Oct 2011 17 Oct 2012 17 Oct 2016 extended term 1 April 2020 (extended term)	Until 16.10.2021		College Governor	Business Development Career College Emergency Planning Academies Partnership Group	100%
Mrs S Wear	23 Oct 2013 23 Oct 2014 23 Oct 2017 1 April 2020 (extended term)	Until 22.10.2022		College Governor	Quality and Standards SSMS BCSG Academies Partnership Group	33%
Dr L Whiterod CBE	Oct 2009	Whilst employed as Chief Executive		Chief Executive	Finance & Resources Gov & Search Business Development Emergency Planning Academies Partnership Group	100%

Tyne Coast College

Mr O Keogh	16 October 2019	1 Year (office of Pres. of St. Union)		Student Governor	QA Sixth Form College	100%
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* One meeting changed to written resolutions owing to Covid-19 lockdown.

Mr N Longstaff (Director of Governance) acts as Clerk to the Board of Governors.

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is provided with regular and timely information at each meeting on the overall financial performance of the College together with information on performance against funding targets, proposed capital expenditure, quality matters and human resource matters such as health and safety and environmental issues. The full Board is scheduled to meet four times per year.

The Board conducts its business through a number of committees. Each committee has a terms of reference, composition and membership which have been approved by the Board. These Committees for 2019/20 were Audit, Governance and Search, Finance & Resources, Business Development, Performance Appraisal and Review, and Quality and Standards. A Business, Community and Stakeholder Group (BCSG) was established for South Tyneside College (Professional & Vocational), South Shields Marine School and Tyne Metropolitan College. Several working groups were also established. In addition, the Board has joint committees established these being Career College North East Board and Queen Alexandra Sixth Form College Committee. Full minutes of all meetings, except those deemed to be confidential by the Board are available from the Director of Governance, Tyne Coast College (South Tyneside College site), St. George's Avenue, South Shields, NE34 6ET.

The composition of each BCSG includes College Governors, representatives from the local community, employers, staff and students.

In light of the Covid-19 lockdown restrictions across the country in March 2020, a review of the governance arrangements was undertaken by the Board. In April 2020, the Board established an Emergency Planning Committee (EPC) and made a temporary change to the quorum for meetings of the Board.

As from 1 April 2020, the EPC temporarily replaced all Committees for a period of 4 months. The Board delegated all its delegable responsibilities to the EPC for the Governance of the College with its membership consisting of the Chairs of the Board and Committees plus the Chief Executive. All meetings from 4 April 2020 were held via Microsoft TEAMS. At its meeting in July 2020, the Board agreed to revert back to its normal committee structure as from 1 September 2020.

The Director of Governance 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 Director of Governance, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Director of Governance are matters for the Board as a whole.

Tyne Coast College

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board and Committee meetings. Briefings are also provided on an ad-hoc basis.

The Board has an independent non-executive element and no individual or group dominates its decision making process. The Board 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 judgment.

There is a clear division of responsibility in that the roles of the Chair of the Board and Chief Executive (Accounting Officer) are separate.

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Governance and Search Committee comprised of a minimum of 5 members, which is responsible for the selection and nomination of new members and for re-appointment of existing members for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided, as required.

With the exception of the Chief Executive, Members of the Board are usually appointed for a term of office not exceeding 4 years with a maximum length of office in total of 8 years. However, those appointed to the Board as a direct result of the merger were given fixed terms and have since, in most cases, been extended for a further year. The Chief Executive serves as a governor whilst in post.

Board Performance

The Board has a comprehensive self-assessment strategy on the effectiveness of its performance, both as a collective and individually. To that end:

- All governors annually complete a review and development form and forward this to the Chair, in advance of a meeting with the Chair, at which they discuss and assess their individual performance.
- The performance of the Chair is reviewed annually. Questionnaire responses are forwarded by governors and by Senior Post Holders, to the Director of Governance. The Director of Governance leads on the review outcomes and provides a summary report to the Board on the outcome of the review.
- The performance of the Board is assessed annually. The Director of Governance leads the review on behalf of the Chair, with individually completed questionnaires returned to the Director of Governance, who provides a summary paper for the Board.
- Committees each review their performance annually against their terms of reference, reporting on the outcomes of the assessment and making any arising recommendations on changes to their terms of reference to the Board.
- The Audit Committee reviews the performance of internal and external auditors annually and make any arising recommendations to the Board.
- An annual reassessment of skills and experience is undertaken and the outcomes made available to the Governance and Search Committee in their standing item review of board membership and composition.
- Comply or Explain Statements are made against the Governance Code.
- The Clerk to the Board annually reviews (or sooner if required, e.g. due to legislative changes) the Board's Instrument and Articles and supporting bye-laws, policies and code of conduct.

Tyne Coast College

In addition to the above the performance of the Chief Executive and Senior Post Holders is reviewed by the Performance Review and Appraisal Committee annually and reported to the Board.

Performance Appraisal and Review Committee

Throughout the year ended 31 July 2020 the College's Performance Appraisal and Review Committee comprised of at least 3 members. The Committee's responsibilities are to review the performance of the Chief Executive and Senior Post Holders and report their findings to the Finance and Resources Committee, who in turn take this into consideration when making recommendations to the Board on remuneration and benefits.

Details of senior post-holders remuneration for the year ended 31 July 2020 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee, comprises a minimum of 5 members of the Board (excluding the Chief Executive and Chair). The Committee operates in accordance with written terms of reference approved by the Board.

The Committee meets three times per year and provides a forum for reporting by the College's internal 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 education 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 Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Committee also advises the Board 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 Board.

Internal Control

Scope of responsibility

The Board 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 Board has delegated the day-to-day responsibility to the Chief Executive, 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Tyne Coast College and the funding bodies. She is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Tyne Coast College

The 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 an ongoing 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 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board 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 Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

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. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- budgets delegated to Schools and Departments;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the audit committee. At a minimum annually, the Head of Internal Audit ("HIA") provides the Board with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the college

Risk registers are maintained at both a strategic and operational level. These registers identify key risks using the methodology noted in the strategic report. The strategic risk register is reviewed at least annually by the audit committee and the operational registers are reviewed in termly performance monitoring meetings.

Tyne Coast College

Control weaknesses identified

The internal auditors identified 2 areas for improvement in the college's HR systems in relation to authorisation to recruit staff and efficiencies in the Request to Fill process.

In response to this, the college has agreed the management actions advised by Internal Audit and will improve the control processes in this area.

Responsibilities under funding agreements

The college has met its contractual responsibilities under its funding agreements and contracts with ESFA.

Statement from the audit committee

The audit committee has advised the board that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2019/20 and up to the date of the approval of the financial statements are:

- Business continuity planning;
- Competition and markets authority;
- HR, recruitment and selection;
- Operational resilience; and
- Safeguarding and prevent.

Recommendations were provided within the internal audit reports for these areas with which the college have agreed. For the 12 months ended 31 July 2020, the Internal Audit opinion in the annual review report stated that "the college has an adequate and effective framework for risk management, governance and internal control".

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance and the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior executive group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior executive group and the Audit Committee also receive regular reports from internal

Tyne Coast College

audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's meeting papers include regular consideration of risk and control and receive reports thereon from the senior management and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Board carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

Based on the advice of the Audit Committee and the Chief Executive, the Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Approved by order of the members of the Board on 27 January 2021 and signed on its behalf by:



.....
A Watts
Chair



[Lindsey Whiterod \(Jan 28, 2021 16:40 GMT\)](#)

.....
L. Whiterod CBE
Chief Executive

Tyne Coast College

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

The Board has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm on behalf of the college that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the college, or material non-compliance with the terms and conditions of funding, under the college's grant funding agreements and contracts with the ESFA, or any other public funder.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



.....
A Watts
Chair of Governors
27 January 2021

Lindsey Whiterod

Lindsey Whiterod (Jan 28, 2021 16:40 GMT)

.....
L. Whiterod CBE
Chief Executive & Accounting Officer
27 January 2021

Tyne Coast College

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF GOVERNORS

The members of the Board of Governors is required to present audited financial statements for each financial year.

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Board is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, it is responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. The Board must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Board are responsible for securing economical, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Tyne Coast College

Approved by order of the members of the Governing Body on 27 January 2021 and signed on its behalf by:



.....
A Watts
Chair

Tyne Coast College

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TYNE COAST COLLEGE

Opinion

We have audited the financial statements of Tyne Coast College (the 'College') for the year ended 31 July 2020 which comprise the College Statement of Comprehensive Income and Expenditure, the College Statement of Changes in Reserves, the College Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting or a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Tyne Coast College

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 28, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.



[David Hoose \(Jan 28, 2021 16:54 GMT\)](#)

Mazars LLP
Chartered Accountants and Statutory Auditor
Salvus House
Durham
DH1 5TS

Date Jan 28, 2021

Tyne Coast College

TO THE BOARD OF TYNE COAST COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (ESFA)

Reporting Accountant's Assurance Report on Regularity

In accordance with the terms of our engagement letter dated 25 September 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder [West Midlands Combined Authority, West of England Combined Authority and the Greater London Authority], we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Tyne Coast College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the corporation of Tyne Coast College and the ESFA [West Midlands Combined Authority, West of England Combined Authority and the Greater London Authority] in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Tyne Coast College and the ESFA [West Midlands Combined Authority, West of England Combined Authority and the Greater London Authority] those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of Tyne Coast College and the ESFA [and name of relevant devolved authority] for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Tyne Coast College and the reporting accountant

The corporation of Tyne Coast College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Tyne Coast College

Approach

We conducted our engagement in accordance with the Code issued by the ESFA [and in accordance with any guidance provided by a relevant devolved authority]. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/ funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



[David Hoose \(Jan 28, 2021 16:54 GMT\)](#)

Signed:

Mazars LLP

Date: Jan 28, 2021

Tyne Coast College

Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
INCOME			
Funding body grants	2	18,422	19,291
Tuition fees and education contracts	3	12,634	15,253
Other income	4	3,635	3,109
Investment income	5	8	11
		34,699	37,664
EXPENDITURE			
Staff costs	6	23,223	24,781
Restructuring costs	6	421	84
Other operating expenses	7	9,880	12,546
Depreciation	10	3,042	3,100
Interest and other finance costs	8	546	491
		37,112	41,002
Total expenditure		37,112	41,002
		(2,413)	(3,338)
Deficit before other gains and losses		(2,413)	(3,338)
Analysed as:			
Operating (deficit) / surplus after exceptional items		(2,413)	(3,338)
LGPS actuarial pension adjustment	22	1,180	2,230
LGPS pension finance costs	8	460	400
Capital Grants released in year	2, 4	(495)	(514)
Depreciation charge for the year	10	3,042	3,100
Interest received in year	5	(8)	(11)
Interest paid in year	8	86	91
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation - Education Specific		1,852	1,958
Loss on disposal of assets		-	(4)
		(2,413)	(3,342)
Deficit for the year		(2,413)	(3,342)
Actuarial loss in respect of Local Government Pension Scheme	22	(15,990)	(4,880)
Actuarial loss in respect of EPP	15	(122)	-
		(18,525)	(8,222)
Total Comprehensive Income for the year		(18,525)	(8,222)

All items of income and expenditure relate to continuing activities.

Tyne Coast College

Statement of Changes in Reserves

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
College			
Balance at 1st August 2018	25,365	6,656	32,021
Deficit from the income and expenditure account	(3,342)	-	(3,342)
Other comprehensive income	(4,880)	-	(4,880)
Transfers between revaluation and income and expenditure reserves	84	(84)	-
Total comprehensive income for the year	(8,138)	(84)	(8,222)
<hr/>			
Balance at 31st July 2019	17,227	6,572	23,799
Deficit from the income and expenditure account	(2,413)	-	(2,413)
Other comprehensive income	(15,990)	-	(15,990)
Actuarial loss on enhanced pension scheme	(122)	-	(122)
Transfers between revaluation and income and expenditure reserves	84	(84)	-
Total comprehensive income for the year	(18,441)	(84)	(18,525)
Balance at 31st July 2020	(1,214)	6,488	5,274

Tyne Coast College

Balance sheet as at 31 July 2020

	Notes	2020 £'000	2019 £'000
Non current assets			
Tangible fixed assets	10	53,173	55,674
Heritage assets	10	324	324
		53,497	55,998
Current assets			
Trade and other receivables	11	3,021	3,243
Cash and cash equivalents	16	6,625	5,885
		9,646	9,128
Less: Creditors – amounts falling due within one year	12	(8,248)	(8,056)
Net current assets		1,398	1,072
Total assets less current liabilities		54,895	57,070
Less: Creditors – amounts falling due after more than one year	13	(8,026)	(8,739)
Provisions			
Defined benefit obligations	15	(40,330)	(22,700)
Other provisions	15	(1,265)	(1,832)
Total net assets		5,274	23,799
Unrestricted reserves			
Income and expenditure account		(1,214)	17,227
Revaluation reserve		6,488	6,572
Total unrestricted reserves		5,274	23,799

The financial statements on pages 35 to 60 were approved and authorised for issue by the Corporation on 27 January 2021 and were signed on its behalf on that date by:



A Watts
Chair

Lindsey Whiterod

Lindsey Whiterod (Jan 28, 2021 16:40 GMT)

Dr L Whiterod CBE
Accounting Officer

Tyne Coast College

Statement of Cash Flows

	Notes	2020 £'000	2019 £'000
Cash inflows from operating activities			
Deficit for the year		(2,413)	(3,342)
Adjustment for non cash items:			
Depreciation		3,042	3,100
Decrease / (Increase) in debtors		222	(349)
Increase / (Decrease) in creditors due within one year		83	(1,108)
Decrease in creditors due after one year		(318)	(449)
(Decrease) / Increase in provisions		(689)	8
Pensions costs less contributions payable		1,640	2,630
Adjustment for investing or financing activities:			
Investment income		(8)	(11)
Interest payable		86	91
Loss on disposal of fixed assets		-	4
		<u>1,645</u>	<u>574</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Investment income		8	11
Payments made to acquire fixed assets		(541)	(3,037)
		<u>(533)</u>	<u>(3,026)</u>
Cash flows from financing activities			
Interest paid		(86)	(91)
Interest element of finance lease rental payments			
New unsecured loans		-	1,900
Repayments of amounts borrowed		(286)	(122)
		<u>(372)</u>	<u>1,687</u>
Increase / (decrease) in cash and cash equivalents in the year			
		<u>740</u>	<u>(765)</u>
Cash and cash equivalents at beginning of the year	16	5,885	6,650
Cash and cash equivalents at end of the year	16	6,625	5,885

Tyne Coast College

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2020

1. Statement of principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the College financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019 to 2020* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

The functional and presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College has a £2.7M loan outstanding with Santander on terms negotiated in 2018 for a new building on the Tyne Metropolitan campus with all funds secured on the Marine Offshore and Safety Training Centre. The terms of this agreement is 10 years. One of the loan covenants was that the college maintained net assets (including pension) shall not be less than £13,000,000 at any time. The £17,630,000 increase in the LGPS pension deficit resulting from the year end scheme valuation has resulted in a technical breach of this covenant, however Santander have advised the college that they will not act upon this covenant breach and will in fact remove this covenant from the loan agreement.

The college's forecasts and financial projections indicate that it will be able to operate within the remaining covenants for the foreseeable future.

The college has prepared financial and cash flow forecasts up to July 2022 which will show it has sufficient resources to meet its liabilities as they fall due.

In its planning processes, the college has recognised the challenges associated with Covid-19 and as a result modified its structures to reduce its cost base to reflect a significant reduction in income relative to pre Covid-19.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Tyne Coast College

1. Statement of principal accounting policies (continued)

Recognition of Income

Revenue Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult

Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income and Expenditure.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102.

Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee Income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment Income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the

Tyne Coast College

1. Statement of principal accounting policies (continued)

pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Tyne and Wear Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in other comprehensive income.

Short term Employment Benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different lives, they are accounted for as separate items of fixed assets.

Tyne Coast College

1. Statement of principal accounting policies (continued)

Land and Buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Roofing 2 to 20 years
- Refurbishment of existing buildings 15 to 50 years
- New Buildings 50 years
- Purchased buildings Assessment of economic life up to 50 years

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 15 and 50 years.

Where land and buildings are acquired with the aid of specific government grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of buildings, which were revalued in 1992 as deemed cost. The college will undertake a review of asset revaluation and develop a policy in 2020/21.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31st July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated on a straight line basis over its useful economic life as follows:

Vehicles	5 years
Computing Equipment	2 - 10 years
Marine Simulation Unit	up to 15 years
Other Equipment	up to 10 years

1. Statement of principal accounting policies (continued)

Tyne Coast College

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Heritage Assets

The College has a number of historical artefacts and these are included at valuation. Professional valuations are carried out every 5 years with changes in value being charged to the revaluation reserve. The College does not depreciate these assets due to their nature.

The assets consist of a variety of objects of interest left to the College including paintings, maritime instruments (including telescopes, globes, sextants etc.), models of ships, trophies, technical books and documents. These assets have been donated to the College who maintain them and many of which are used for display purposes around the College. The College uses these as part of a permanent collection and does not hold them for trading purposes.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term to the Statement of Comprehensive Income. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income in the period it is incurred.

Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a small percentage of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in

1. Statement of principal accounting policies (continued)

Tyne Coast College

the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds and Bursaries. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Tyne Coast College

1. Statement of principal accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tyne Coast College

Notes to the Accounts (continued)

2 Funding body grants

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Recurrent grants		
Education and Skills Funding Agency - Adult	2,833	3,441
Education and Skills Funding Agency - 16-18	11,399	12,426
Office for Students	800	749
Specific Grants		
Education and Skills Funding Agency - Adult	732	818
Education and Skills Funding Agency - 16-18	1,759	1,557
Teachers Pension Scheme Contribution Grant	610	0
Releases of government capital grants	215	221
Release of HE capital Grant	74	79
	18,422	19,291
Total	18,422	19,291

3 Tuition fees and education contracts

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Adult education fees	3,704	4,926
Apprenticeship fees and contracts	98	243
Fees for FE loan supported courses	2,417	2,058
Fees for HE loan supported courses	2,535	3,852
International students fees	2,106	2,976
Total tuition fees	10,860	14,055
Education contracts	1,774	1,198
	12,634	15,253
Total	12,634	15,253

Tyne Coast College

Notes to the Accounts (continued)

4 Other income

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Catering and residences	787	984
Other income generating activities	163	429
Non funding body government capital grants	206	214
Coronavirus Job Retention Scheme Grant	1,202	-
Miscellaneous income	1,277	1,482
	3,635	3,109
Total	3,635	3,109

The college furloughed teaching and non-teaching staff under the government's Coronavirus Job Retention Scheme. The funding received of £1,202k relates to staff costs which are included within note 6.

5 Investment income

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Other investment income	8	11
	8	11
Total	8	11

Tyne Coast College

Notes to the Accounts (continued)

6 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, was:

	2020 No.	2019 No.
Teaching staff	240	231
Non teaching staff	328	342
	568	573

Staff costs for the above persons

	2020 £'000	2019 £'000
Wages and salaries	14,636	15,039
Social security costs	1,340	1,362
Other pension costs (note 22)	4,474	5,264
Payroll sub total	20,450	21,665
Contracted out staffing services	2,773	3,116
	23,223	24,781
Restructuring costs - contractual	421	84
	23,644	24,865

The College currently operates 2 childcare voucher salary sacrifice schemes, one for Tyne Metropolitan College which transferred over during merger and one for Tyne Coast College staff. Only staff who were in the childcare scheme prior to 4 October 2018 can continue to participate in the scheme. There are currently 4 staff in the Tyne Coast scheme and 1 member of staff in the Tyne Metropolitan College scheme. The maximum childcare vouchers staff can claim is dependent on salary, with staff earning £50,000 or less able to claim a maximum of £243 per month and Staff earning £50,001 or more able to claim a maximum of £124 per month. The college has 4 members in the less than £50,000 bracket and 1 in the above £50,001 bracket participating in these schemes at a maximum cost of £13,152.

Included in the 2020 figures is a £1,180,000 (2019: £2,230,000) LGPS pension charge relating to the July 2020 scheme valuation. This charge has arisen due to the insolvency regime, a reduced discount rate included in the scheme valuation and the McCloud judgement which have both adversely affected the value of the pension scheme liability.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Executive Group which comprises the Chief Executive, Deputy Chief Executive, Chief Finance Officer, 2 Principals and 1 Director. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff.

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	8	6
	8	6

Tyne Coast College

6 Staff costs (continued)

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2020 No.	2019 No.	2020 No.	2019 No.
£15,001 to £20,000	1	-	-	-
£20,001 to £25,000	1	-	-	-
£55,001 to £60,000	1	-	-	-
£60,001 to £65,000	1	1	1	-
£65,001 to £70,000	-	-	-	-
£80,001 to £85,000	1	1	-	-
£85,001 to £90,000	-	1	-	-
£95,001 to £100,000	1	1	-	-
£105,001 TO £110,000	1	-	-	-
£130,001 to £135,000	-	1	-	-
£185,001 to £190,000	-	1	-	-
£230,001 TO £235,000	1	-	-	-
	<u>8</u>	<u>6</u>	<u>1</u>	<u>-</u>

Key management personnel emoluments are made up as follows:

	2020 £'000	2019 £'000
Salaries	676	644
Benefits in kind	3	-
	<u>679</u>	<u>644</u>
Pension contributions	84	78
Total emoluments	<u>763</u>	<u>722</u>

During the year, the college agreed a pension sacrifice arrangement for the Chief Executive Officer, which resulted in an approximate £43,000 increase in salaried payments and the termination of the Chief Executive Officer's Teacher's Pension scheme contributions. There were no other salary sacrifice arrangements in place and no amounts due to key management personnel were waived in the year.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2020 £'000	2019 £'000
Salaries	231	188
Benefits in kind	-	-
	<u>231</u>	<u>188</u>
Pension contributions	-	31

The Board has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future. The remuneration package of Key management staff, including the Chief Executive, is subject to annual review by the Finance and Staffing Committee of the Board who use benchmarking information to provide objective guidance. The Chief Executive reports to the Performance Appraisal and Review Sub-Committee, which undertakes an annual review of her performance against her key strategic objectives.

Relationship of Chief Executive pay and remuneration expressed as a multiple:

	2020	2019
Chief Executive's basic salary as a multiple of the median of all staff	8.66	6.83
Chief Executive's total remuneration as a multiple of the median of all staff	7.98	6.98

Compensation for loss of office paid to former key management personnel:

	2020 £	2019 £
Compensation paid to the former post-holder - contractual	-	40,155

The severance payment was approved by the College's Accounting Officer.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Tyne Coast College

Notes to the Accounts (continued)

7 Other operating expenses

	2020	2019
	£'000	£'000
Teaching costs	4,424	6,058
Non teaching costs	3,247	3,688
Premises costs	2,209	2,800
Total	9,880	12,546

Other operating expenses include:

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	46	44
Internal audit	24	31
Other services provided by the internal auditors	3	4
Hire of assets under operating leases	722	743

8 Interest payable

	2020	2019
	£'000	£'000
On bank loan	86	91
Pension finance costs (note 22)	460	400
Total	546	491

9 Taxation

The members do not believe that the College was liable for any corporation tax arising out of its activities during the year.

Tyne Coast College

Notes to the Accounts (continued)

10 Tangible fixed assets

	Land and buildings Freehold £'000	Equipment £'000	Total £'000
Cost or deemed cost			
At 1 August 2019 (restated)	76,397	12,036	88,433
Additions	77	464	541
At 31 July 2020	76,474	12,500	88,974
Depreciation			
At 1 August 2019 (restated)	25,515	7,244	32,759
Charge for the year	1,792	1,250	3,042
At 31 July 2020	27,307	8,494	35,801
Net book value at 31 July 2020	49,167	4,006	53,173
Net book value at 31 July 2019	50,882	4,792	55,674

Tangible fixed assets - heritage assets

The College owns a wide variety of heritage assets, many of which are associated with the College's marine history. Some of these heritage assets are antiques which were previously used in teaching and some of these assets have been donated by sponsors. Examples of heritage assets owned by the college include paintings, display models of ships and navigational equipment. These assets are on display across the College and are the responsibility of the Principal - South Shields Marine School.

Cost or valuation	£'000
1 August 2019	324
31 July 2020	<u>324</u>

The college's external valuer, Anderson & Garland, carried out a full revaluation of the college's heritage assets as at 31 July 2016. The College does not believe that there has been any material change in the value of these assets since the last revaluation.

Tyne Coast College

Notes to the Accounts (continued)

11 Trade and other receivables

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,064	1,342
Prepayments and accrued income	957	1,901
Total	3,021	3,243

12 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Bank loans	340	231
Trade creditors	738	935
Payments received in advance	2,817	2,531
Holiday pay accrual	667	713
Other taxation and social security	303	343
Accruals and deferred income	2,744	2,485
Deferred income - government capital grants	373	488
Amounts owed to the Education and Skills Funding Agency	266	330
Total	8,248	8,056

13 Creditors: amounts falling due after one year

	2020	2019
	£'000	£'000
Bank loans	2,377	2,772
Deferred income - government capital grants	5,649	5,967
Total	8,026	8,739

14 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2020	2019
	£'000	£'000
In one year or less	340	234
Between one and two years	340	346
Between two and five years	1,020	1,038
In five years or more	1,017	1,385
Total	2,717	3,003

The College has 8 years remaining on a 10 year loan with Santander, of which the outstanding balance is valued at £2,717,000.

Tyne Coast College

Notes to the Accounts (continued)

15 Provisions

	Defined benefit obligations £'000	Enhanced Pensions £'000	Dilapidations £'000	Total £'000
At 1 August 2019	22,700	1,217	615	24,532
Expenditure in the period				
Expenditure in the year	(1,290)	(99)	(615)	(2,004)
Charge in the year	18,920	25		18,945
Enhanced Pension Provision actuarial loss in year	-	122	-	122
At 31 July 2020	40,330	1,265	-	41,595

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 22.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:	2020	2019
Price inflation	2.20%	2.20%
Interest rate	1.30%	2.00%

16 Cash and cash

	At 1 August 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Cash and cash equivalents	5,885	740	6,625
Total	5,885	740	6,625

17 Capital commitments

	2020 £'000	2019 £'000
Commitments contracted for at 31 July	-	-

Tyne Coast College

Notes to the Accounts (continued)

18 Financial instruments

	2020	2019
	£'000	£'000
<i>Financial assets measured at amortised cost</i>		
Trade debtors	2,064	1,342
	<u>2,064</u>	<u>1,342</u>
	2020	2019
	£'000	£'000
<i>Financial liabilities measured at amortised cost</i>		
Bank loan	2,717	3,003
Trade creditors	738	935
Amounts owed to the Education and Skills Funding Agency	266	330
	<u>3,721</u>	<u>4,268</u>

19 Lease Obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	3	8
Later than one year and not later than five years	11	11
later than five years	66	69
	<u>80</u>	<u>88</u>
Other		
Not later than one year	836	981
Later than one year and not later than five years	2,431	2,742
	<u>3,267</u>	<u>3,723</u>

20 Contingent liabilities

The College provided a guarantee to its pension actuaries in respect of its cleaning contractor's participation in the fund. The cleaning contractor exited the fund with effect from 31 March 2017 and an exit liability of £80,500 has been calculated by the actuaries. The cleaning contractor has so far refused to meet this exit liability with the consequence that the college, as guarantor, may be called upon to meet this exit liability.

21 Events after the reporting period

There are no events after the reporting period.

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tyne and Wear Pension Fund. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2020	2019
	£'000	£'000
Teachers Pension Scheme: contributions paid	1,713	1,277
Local Government Pension Scheme:		
Contributions paid	1,556	1,700
FRS 102 (28) charge	1,180	2,230
Charge to the Statement of Comprehensive Income	2,736	3,930
Enhanced pension charge to Statement of Comprehensive Income	25	57
Total Pension Cost for Year within staff costs	4,474	5,264

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £317,000 (2019: £311,000) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion giving a notional past service deficit of £22 billion.

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,713,000 (2019: £1,277,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by South Tyneside Local Authority. The total contribution made for the year ended 31 July 2020 was £1,910,590, of which employer's contributions totalled £1,565,693 and employees' contributions totalled £344,897. The agreed contribution rates for future years are 21.9% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

Principal Actuarial Assumptions

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.80%	3.70%
Future pensions increases	2.30%	2.20%
Discount rate for scheme liabilities	1.40%	2.10%
Inflation assumption (CPI)	2.30%	2.20%
Inflation assumption (RPI)	2.90%	3.20%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2020	At 31 July 2019
	years	years
<i>Retiring today</i>		
Males	21.80	21.90
Females	25.00	25.10
<i>Retiring in 20 years</i>		
Males	23.50	23.60
Females	26.80	26.90

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

The fair value of the plan assets and the return on those assets were as follows:

	Asset allocation at 31 July 2020	Fair Value at 31 July 2020	Asset allocation at 31 July 2019	Fair Value at 31 July 2019
		£'000		£'000
Equities	53.50%	30,902	64.90%	38,680
Government Bonds	2.40%	1,386	4.30%	2,563
Corporate Bonds	22.90%	13,227	11.60%	6,914
Property	9.20%	5,314	8.90%	5,304
Cash	1.90%	1,097	1.80%	1,073
Other	10.10%	5,834	8.50%	5,066
Total market value of assets		<u>57,760</u>		<u>59,600</u>
Actual (loss) / gain on plan		<u>(1,230)</u>		<u>4,660</u>

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2020 £'000	2019 £'000
Fair value of plan assets	57,760	59,600
Present value of plan liabilities	<u>(98,090)</u>	<u>(82,300)</u>
Net pensions liability (Note 15)	<u>(40,330)</u>	<u>(22,700)</u>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	(2,470)	(1,900)
Past service cost	-	(10)
Total	<u>(2,470)</u>	<u>(1,910)</u>
Amounts included in interest expense		
Net interest on defined benefit liability (note 8)	460	400
Total	<u>460</u>	<u>400</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	(2,480)	3,120
Experience gains arising on defined benefit obligations	(13,510)	(8,000)
Amount recognised in Other Comprehensive Income	<u>(15,990)</u>	<u>(4,880)</u>

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movements in net defined benefit liability during the year

	2020	2019
	£'000	£'000
Deficit in scheme at 1 August	(22,700)	(15,190)
Movement in year:		
Current service cost	(2,470)	(1,900)
Employer contributions	1,290	1,700
Past service cost	-	(2,030)
Net interest on the defined pension liability	(460)	(400)
Remeasurement gains on plan assets	(2,480)	3,120
Actuarial (loss) / gain	(13,510)	(8,000)
Net defined benefit liability at 31 July	<u>(40,330)</u>	<u>(22,700)</u>

Asset and Liability Reconciliation

	2020	2019
	£'000	£'000
Movements in present value of defined benefit obligations		
Defined benefit obligations at start of period	(82,300)	(69,880)
Current Service cost	(2,470)	(1,900)
Interest expense on defined benefit obligation	(1,710)	(1,940)
Contributions by participants	(350)	(350)
Actuarial (loss) / gain on liabilities	(13,510)	(8,000)
Net benefits paid out	2,250	1,800
Past Service cost	-	(2,030)
Defined benefit obligations at end of period	<u>(98,090)</u>	<u>(82,300)</u>
Movements in fair value of plan assets		
Fair value of plan assets at start of period	59,600	54,690
Income on assets	1,250	1,540
Remeasurement gain on plan assets	(2,480)	3,120
Contributions by the employer	1,290	1,700
Contributions by participants	350	350
Net benefits paid out	(2,250)	(1,800)
Assets at end of period	<u>57,760</u>	<u>59,600</u>

Tyne Coast College

Notes to the Accounts (continued)

23 Related party transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures, with the exception of its sponsored academy trust, for which transactions are undertaken on a cost recovery basis.

Total expenses paid to or on behalf of Governors during the year were £623; 2 governors (2019: £444; 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meeting, training and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2019: None).

Groundwork South Tyneside and Newcastle - a company in which A Watts (Chair of Governors) is Executive Director.

Sales transactions in the year amounted to £773 (2019: £1,500), with no outstanding at the year end (2019: £1,500). There were no purchase transactions in the year (2019: £16,478).

Monkwearmouth Academy - an Academy Trust where A Maynard (Deputy Chief Executive of the college) is a Director.

Purchase transactions in the year amounted to £18,000 (2019: £195,315). A balance of £18,000 was outstanding at the year end (2019: £0).

City and Guilds Group - an examination board where M Hotass (a governor of the college) is Managing Director, Technical Training.

Purchase transactions in the year amounted to £176,549 (2019: £171,062), with no outstanding balance at the year end (2019: £0).

Port of Tyne - a company where S Wear (a governor of the college) was an employee in the financial year ending 31 July 2019.

No related party transaction disclosure is required for the current year as S Wear is no longer an employee at Port of Tyne. Sales transactions in 2019 amounted to £24,100, with £3,180 outstanding at the year end.

Newcastle Hospitals Trust - an NHS Trust where S Alexander (a governor of the college) is a member.

Sales transactions in the year amounted to £66,309 (2019: £59,987), with an £18,900 outstanding balance at the year end (2019: £0).

Flag C - a company where D Byrne (a governor of the college) is a Director and shareholder.

In 2020, the college provided Flag C with £13,500 (2019: £0) of education and training services, with £13,500 outstanding at the year end (2019: £0).

Tyne Coast Academy Trust - an academy trust sponsored by Tyne Coast College

In 2020, the college provided Tyne Coast Academy Trust with £506,545 (2019: £218,783) of corporate, financial, governance and consultancy support services as its sponsor, with a £21,121 balance outstanding at the year end (2019: £0). Purchase transactions in the year amounted to £4,734 (2019: £5,500), with no outstanding balance at the year end (2019: £0).

Tyne Coast College

Notes to the Accounts (continued)

23 Related party transactions (continued)

Walker Technology College - an academy within Tyne Coast Academy Trust which is sponsored by Tyne Coast College

In 2020, the college provided Walker Technology College with £7,425 (2019: £67,342) of education and training services. There were no balances outstanding at the year end (2019: £39,892).

24 Amounts disbursed as agent

Learner support funds

	2020	2019
	£'000	£'000
Funding body grants – bursary support	771	877
Funding body grants – residential bursaries	16	16
	<u>787</u>	<u>893</u>
Disbursed to students	(754)	(631)
Administration costs	(30)	(29)
	<u>3</u>	<u>233</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.