

TYNE COAST COLLEGE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022



TyneCoastCollege



South Tyneside College



Tyne
Metropolitan
College



South Shields
MARINE
SCHOOL



QUEEN
ALEXANDRA
SCHOOL

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 2021/22:

Dr Lindsey Whiterod CBE, Chief Executive Officer; Accounting Officer
Ms Jane Cuthbertson, Chief Operating Officer
Ms Catherine Donnelly, Executive Director of Human Resources
Mr Simon Ashton, Principal South Shields Marine School
Ms Mo Dixon, Principal Tyne Met and South Tyneside College (to 24th February 22)
Ms Mandy Morris, Principal Tyne Met and South Tyneside College (from 6th December 21)

Board of Governors

A full list of Governors is given on pages 18 to 20 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
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Internal auditor

RSM LLP
Springfield House
76 Wellington Street
Leeds
LS1 2AY

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Tyne Coast College

STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31st July 2022.

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 is "Transforming Lives"

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

Our values are how we build around excellence in our students reaching their potential, respecting our people and having a strong community presence. Our values shape our approach, our behaviours and our organisational culture; and how we conduct our business.

- **Potential** - We believe every student should achieve their potential
- **Respect** - We value the professionalism, commitment and excellence in our staff.
- **Community** - We believe in being a strong community presence, embedding everything we do in the local community.
- **Diversity** – We believe in celebrating the difference between individuals and the diversity on our community.
- **Excellence** – We believe in having high standards to ensure excellence in everything we do.

Implementation of Strategic Plan

The College 2021/22 Strategic Priorities were:

Strategic Priority 1 - For Places

- Submit bold and ambitious proposals for new campuses as part of the Further Education Capital Transformation Fund
- Develop an enhanced role as a community resource available 24/7 providing space for interaction, lifelong learning, employer advice
- Be a focal point for collective action and joined up services at the heart of a local ecosystem
- Ensure our delivery model is aligned to government priorities, local business needs and the aspirations of our current and future students

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Strategic Priority 2 – For People and Productivity

- To remain a great place to work, where our staff feel valued and inspired to be involved in the thinking and planning of the future strategic direction of our organization
- Delivering high quality education and skills to our students to enable them to access specific emerging and new work pathways
- Advising and facilitating entry into sustainable employment and further learning through key partnerships with employers
- Supporting students through job and career change throughout their lives
- Providing skills, advice and support to meet recruitment and workforce development needs
- Providing business advice for innovation and adoption of new technologies, systems and business processes
- Developing programmes to match skills and productivity needs of wider economy
- In partnership with public, private and civic organisations, strengthening the connection between people and places

The College submitted bids into the Further Education Capital Transformation Fund for a new college to be built in South Tyneside and the reconfiguration of an existing building for a new college in the Cobalt Business Park in North Tyneside and was successful in both bid applications; over 200 bids were submitted into the Further Education Transformation Fund and funding was given to approximately 100 applications. The chosen location for the 2 new campuses enables the College to position itself within key local employment hubs to enable better development of learners and curriculum to meet local skills needs. The success of both of our bid applications will support us in meeting our strategic priorities.

To enable us to achieve our ambitions, we will need adequate and sustainable resources in our facilities and our personnel. We need to grow the College in student numbers and revenue and in our engagement with our communities and local businesses as this will help us to attract talented people to study and work in the College improving our learning offer.

RESOURCES

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

The College employs 534 people of whom 234 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 2022, the College has £44,620,000 (2020/21: £14,590,000) of net assets (including £170,000 (2020/21: £30,980,000) LG pension liability) and long term debt of £7,756,000 (2020/21: £8,500,000).

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 has been awarded several accolades in recent years. In 2019, South Shields Marine School received the highly prestigious Queen's Anniversary Prize for Higher and Further Education for ground-breaking innovation in 3D modelling. The marine school also received the

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Educate North Awards' International Partnership Award two years consecutively. South Tyneside College received a Silver Pearson Teaching Award for Excellence in Special Needs and has also received the TES FE College of the Year and the TES Overall Provider of the Year Awards.

The College is an education partner in the International Advanced Manufacturing Park and the North East Institute of Technology. The College was graded 'Good' by Ofsted in 2019.

Chief Executive, Dr Lindsey Whiterod CBE, is a National Leader of Further Education.

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;
- several 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 we support extends from large national organisations such as the NHS, Nexus, Northern Powergrid, EDF Energy, NUFC and Northumberland Fire Service. We also work with medium sized organisations such as British Engines, Newcastle Rugby and Morpeth Town FC plus a wide variety of SMEs in all sectors of the economy;
- several 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 with closely with several 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 and the Education, training foundation who will be supporting us with T-Level readiness;
- 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 regarding 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 several 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.

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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 18 to 20.

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
- Outstanding Halls Ofsted Inspection, which commented on the guidance, support and care learners received from all levels of the organisation.
- The College has a mental health first aid instructor and 27 members of staff have been trained as mental health first aiders. In addition and to support staff during lockdown we implemented a wellbeing risk assessment to ensure that staff continue to be supported at home and in the workplace. The College has arranged sessions with financial advisers which are open to all staff and Teams app has been put in place signposting staff to a number of resources to offer further support with mental health issues. The College has launched a Mental Wellbeing app FIKA to support with mental wellbeing. During November the College introduced a wellbeing week with sessions including cancer awareness and support and mental health sessions.
- 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.
- Supports Tyne Coast Academy Trust in providing first class education to pupils in the local area and beyond.

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- A major benefit for employment in the local area, which included further opportunities, equal opportunities etc.

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated a deficit from operations before other gains and losses in the year of £3,459,000 (2020/21 a deficit of £2,411,000). £2,520,000 of this loss (2020/21 £2,410,000) 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 and Expenditure.

The College has generated an Adjusted EBITDA in the year of £1,355,000 (2020/21 £2,428,000).

Cash Flows and Liquidity

At £2,919,000 (2020/21 £2,822,000) net cash flow from operating activities were strong. £1,635,000 of this cash inflow was used to purchase fixed assets (equipment purchases and building works). The increase in cash in the year was £921,000 and the College still has a strong cash position of £8,207,000

As at the year ending 31 July 2022, the College had an outstanding loan balance of £2.04m with Santander. This was part of the financing strategy for the construction facility new build in 2018.

Developments

Tangible fixed asset additions during the year were £1,635,000. The main additions are continued investment in the premises at all campuses, capitalisation of costs associated with the College's successful bid for government funding to relocate to new campuses, as well as IT and other equipment and furniture upgrades across all College sites.

Reserves

The College has accumulated reserves of £44,620,000 and cash balances of £8,207,000 (2020/21 £14,590,000 and £7,286,000). The significant increase in accumulated reserves in the year is due to the annual Local Government Pension Scheme (LGPS) statement reducing the scheme deficit to £170,000 (2020/21 £30,980,000). The College wishes to continue to accumulate reserves 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 sector funding bodies for its principal funding source. In 2021/22, the Education and Skills Funding Agency (ESFA) provided 52% (2020/21: 52%) of the College's total income.

FUTURE PROSPECTS

Financial Plan

The College's 2021/22 performance is strong despite the challenges at the start of the year associated with the Covid-19 financial health crisis. 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 2022, which sets objectives for the period to 2024. The key financial objectives are:

- Maintain an ESFA Financial Health rating of Good including an Adjusted Current Ratio of at least 1.6 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.
- Ensure the level of AEB delivery through partnerships meets 2022-23 guidance requirements.
- Continued development of automated processes to improve efficiency and timeliness of management information.
- Continued monitoring of the possible effect of Covid-19 regarding the College achieving the financial targets set in this budget.
- Review of the College refectories provision to ensure value for money.

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 considers 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 £38,300,000 (2021/21: £8,186,000), with the £30,114,000 increase in reserves being primarily due to the £30,180,000 reduction in the LGPS pension deficit. It is the corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

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,

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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.

- **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.

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:

- development of College 10-year estates strategy to address the condition of the College estate;
 - 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.
- **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 was mitigated by a robust Curriculum Plan for 21/22 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

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maintained and to access any appropriate support schemes. Investment in laptops ensures that all staff and learners were 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 most of the 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.

The College submitted a financial health calculator to the ESFA covering the period to July 2024 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.

The 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 financial health; and
- continuing to develop remote education and training to reduce any impact Covid-19 on course delivery.

- **External Factors**

There are several 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;

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;

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STREAMLINED ENERGY AND CARBON REPORTING

The College is committed to reducing its carbon emissions, with a target to Carbon Neutral by 2032, and has taken the following measures to improve energy efficiency:

- Installation of Smart Meters across all sites,
- Use of an electric vehicle for courier runs across sites,
- Video Conferencing has become more widely used for support departments to operate a more hybrid working practice with several staff still working 98% of the time from home, further reducing carbon emissions on travel to and from the office. The use of Teams has resulted in significantly less printing of documents which are shared electronically, and the need for travel between sites for meetings,
- Installation of LED and energy efficient lighting whenever any lights are replaced, or areas refurbished,
- Installation of 4 new boiler systems to improve efficiency,
- Tyne Coast College Westoe campus electricity is supplied by Drax - one of the largest sustainable energy providers who are working towards carbon negative supply by 2030,
- Policy of using local contractors for maintenance,
- All non-food waste is put in clear bags and these are processed through a recycling centre, as well as dedicated recycling bins. This significantly reduces waste to landfill,
- Closure of the Queen Alexandra Sixth Form College and amalgamation of students onto existing areas of the Coast Road Campus has eliminated much of utility usage, except for a small volume essential for maintenance systems.
- The College has been successful the outcome of two bids for new campus sites and buildings in Wallsend and South Shields. Both sites would be built / fitted out to minimise the impact on the environment and reduce the carbon footprint of College activities. The BREEAM assessment framework is to be considered during the design phase.

The College's greenhouse gas emissions and energy use for the period are set out below:

Greenhouse Gas Emissions & Energy use data for the period 1st August 2021 to 31st July 2022	2021/22	2020/21
Energy Consumption used to calculate emissions (KWh)	7,776,266	10,592,194
Energy Consumption breakdown (KWh):		
Gas	4,678,689	7,205,011
Electricity	3,023,594	3,337,025
Transport Fuel	73,983	50,158
Scope 1 emissions in metric tonnes CO2e		
Gas Consumption	854.05	1,319.67
Own Transport	5.63	6.85
Total Scope 1	859.68	1,326.52
Scope 2 emissions in metric tonnes CO2e		
Purchased Electricity	584.70	708.55
Scope 3 emissions in metric tonnes CO2e		
Business Travel in employee-owned vehicles	12.37	5.51
Total gross emissions in metric tonnes CO2e	1,456.75	2,040.58
Intensity Ratio		
Tonnes CO2e per member of staff	2.73	3.85

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity Ratio

The chosen intensity measurement ratio is Total Gross emissions in metric tonnes (CO2e) per staff member (Head Count), this is the ratio recommended for the sector.

KEY PERFORMANCE INDICATORS

The College set several financial indicators as part of its budget setting for 2021/22. All the objectives were met and are outlined below:

- Maintain an ESFA Financial Health rating of Good including an Adjusted Current Ratio of at least 1.5 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
- Preparation to ensure that level of AEB delivery through partnerships meets 2022-23 guidance requirements
- Development of automated processes to improve efficiency and timeliness of management information
- Continued monitoring of the possible effect of Covid-19 regarding the College achieving the financial targets set in this budget

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

Student Numbers

In 2021/22, the College has delivered activity that has produced £18,997,000 in main FE allocation funding (2020/21: £17,964,000).

The College enrolled approximately 9,900 students in 2021/22. The College's student population includes 300 school age pupils; 2,400 16–18-year-old students; 500 apprentices, 1,100 higher education students, 1,000 international students and 4,600 adult learners.

Student Achievements

Overall success rates in 2021/22 are 95% (2020/21 91%).

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).

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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.

Gender Pay Gap Reporting

GENDER PAY GAP REPORTING

	Year ending 31 March 2022
Mean gender pay gap	1.85%
Median gender pay gap	11.03%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0% / 0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	38.35%	61.65%
2 – Middle lower quartile	44.36%	55.64%
3 – Middle upper quartile	54.89%	45.11%
4 – Upper quartile	51.13%	48.87%

The College publishes its annual gender pay gap report on its website.

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.

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

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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	10.5

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

Total cost of facility time	£19,034
Total pay bill	£20,109,071
Percentage of total bill spent on facility time	0.096653%

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.

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

Events after the end of the reporting year

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

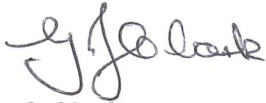
The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements.

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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 21 December 2022 and signed on its behalf by:



G Clark
Chair

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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 2021 to 31st July 2022 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").

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 2022. This opinion is based on an internal review of compliance with the Code reported to Governance and Search Committee on 25 May 2022 and the board on 20 July 2022. The Board of Governors recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. 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 31.07.2022)	Full Board Attendance (up to 31.07.2022)
Sheila Alexander	1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31.7.2023		College Governor	Audit Quality, Curriculum and Standards	86%
David Byrne	17 Oct 2011 17 Oct 2012 17 Oct 2016 extended term	Until 16.10.2021		College Governor		-
George Clark	9 July 2014 9 July 2015 1 Aug 2017 18 Dec 2019 1 April 2020 14 July 2021 (extended term)	09.7.2014 - 28.1.2019 Until 08.7.2025		College Governor	Performance Review	100%
Malcolm Grady	1 Nov 2015 1 Nov 2016 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31.10.2026		College Governor	Finance & Resources Quality, Curriculum and Standards Dr Winterbottom Charitable Trust Performance Review	100%
Martin Hottass	1 Aug 2017	Until 21.3.2025	19.5.2022	College Governor	Finance & Resources	60%

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Mark Overton	1 Nov 2014 1 Nov 2015 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31.7.2025		College Governor	Audit Governance & Search Performance Review	57%
Colin Seccombe MBE	1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31.7.2023		College Governor	Governance & Search Finance & Resources Dr Winterbottom Charitable Trust Quality, Curriculum and Standards	100%
Ian Pippin	15 Oct 2020	Until 14.10. 2024		Staff Governor	Governance & Search	71%
Donya Urwin	1 Jan 2020 16 Dec 2020 14 July 2021 (extended term)	31.12.2029		College Governor	Finance & Resources	86%
Andrew Walton	24 March 2016 24 March 2017 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 23.3.2027		College Governor	Finance & Resources Business Development	57%
Jacqueline Watson	1 Jan 2020 16 Dec 2020 14 July 2021 (extended term)	31.12.2029		College Governor	Quality, Curriculum and Standards Audit Business Development	86%
Andrew Watts	17 Oct 2011 17 Oct 2012 17 Oct 2016 extended term 1 April 2020 14 July 2021 (extended term)	Until 16.10.2022		College Governor	Business Development Audit Performance Appraisal	86%
Susan Wear	23 Oct 2013 23 Oct 2014 23 Oct 2017 1 April 2020 (extended term)	Until 22.10.2022		College Governor	Quality, Curriculum and Standards Audit	57%
Lindsey Whiterod CBE	Oct 2009	Whilst employed as Chief Executive		Chief Executive	Finance & Resources Governance & Search Business Development	100%
Wendy Starks	19 Apr 2021 19 Apr 2022	18.04.2025		College Governor	Audit	60%
Gary Hindmarch	1 Aug 2021 1 Aug 2022	Until 31.07.2026			Business Development Quality, Curriculum and Standards	
David W Bavaird	4 Jan 2022	Until 03.01.2023		College Governor	Finance & Resources	100%
Clive Johnson	4 Jan 2022	Until 03.01.2023		College Governor	Audit	100%

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Neil Henry	1 August 2022	31.07.2023		College Governor	-	-
Surajah Hunter	17 October 2022	16.10.2023		College Governor	-	-

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 but during 2021/22 it met on seven occasions.

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 2021/22 were Audit, Governance and Search, Finance & Resources, Business Development, Performance Appraisal and Review, and Quality, Curriculum and Standards. Business, Community and Stakeholder Advisory Groups (BCSAG) are established for South Tyneside College (Professional & Vocational), South Shields Marine School and Tyne Metropolitan College. Several working groups are also in place. Full minutes of all meetings, except those deemed to be confidential by the Board are posted to the website or 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 BCSAG includes College Governors, representatives from the local community, employers, staff and students.

All meetings of the Board and its Committees have been held as hybrid meetings whereby Microsoft TEAMS has been available should a governor be unable to attend in person.

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.

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 further in light of the exceptional two academic years caused by Covid-19 with governors unable to experience the full governor role during their current term but also to retain essential skills. 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.
- Most Committees 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.

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

An internal report on governance from RSM was presented to the Audit Committee in November 2021. The audit aimed to provide assurance that the College's governance practices are reflective of sector peers, and those areas of good practice highlighted by the FE Commissioner. The report concluded that the Board can take substantial assurance that the controls upon which the College relies to manage the identified area are suitably designed, consistently applied and operating effectively.

Tyne Coast College

New funding agreement requirements state that between August 2021 and July 2024, FE corporations must have their first external governance, and every 3 years after that. The College is aiming to have an external review during 2023-24.

Training

Governors and the Director of Governance have undertaken mandatory training on the courses as follows:

- GDPR / Equality & Diversity / Health & Safety / Information Security / Safeguarding / Prevent (Channel)

The Board have signed up to the Education and Training Foundation's Governance Development Programme, which gives full access to programme modules for all governors and governance professionals. In addition, two Development Sessions were held for members of the Board in January and June 2022.

New governors have attended comprehensive local inductions sessions and also attended the AoC's new governor inductions.

Performance Appraisal and Review Committee

Throughout the year ended 31 July 2022 the College's Performance Appraisal and Review Committee comprised of at least 3 members and included representation from Tyne Coast Academy Trust Board. 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 2022 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 is scheduled to meet 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.

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During 2021/22 the Audit Committee met on three occasions and the attendance of members of the committee is as follows:

	01/12/21	09/03/22	27/06/22
Andrew Watts	✓	✓	✓
Jacqueline Watson	✓	✓	✓
Susan Wear	✓	✓	A
Mark Overton	✓	✓	✓
Sheila Alexander	✓	✓	A
Wendy Starks	✓	X	✓
Clive Johnson	-	-	A

Key: A = Apology accepted; ✓ = In attendance; X = absent

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.

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 2022 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 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

Tyne Coast College

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.

Control weaknesses identified

The College is responsible for ensuring compliance with Funding Rules that form part of the terms and conditions of the funding agreement with the Education and Skills Funding Agency (ESFA) for Adult Education Funding and Subcontracting Controls.

Whilst the College has support mechanisms in place to support staff and students with their mental health and wellbeing, supported by policies and procedures, commented upon by Internal Audit, a few recommendations were made to improve the support in this area. This includes mandatory mental health and wellbeing training for staff and ensuring that reports are presented to Governors regarding mental health and wellbeing activities undertaken by students and actions completed following survey results.

The College has agreed the recommendations following the recent audit reports; most recommendations have been implemented and has plans in place to address the remaining recommendations.

Responsibilities under funding agreements

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

Tyne Coast College

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 2021/22 and up to the date of the approval of the financial statements are:

- Adult Education Funding Compliance;
- Higher Education - Student Applications;
- Key Financial Controls – Payroll
- Mental Health and Wellbeing;
- Progress Reports;
- Subcontracting Controls Report;
- UKVI Compliance;
- Financial Planning; and
- Follow Up of Previous Internal Audit Management Actions

Recommendations were provided within the internal audit reports for these areas with which the College have agreed. For the 12 months ended 31 July 2022, 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.

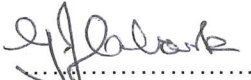
The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous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

The College management team 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 College management team and the Audit Committee also receive regular reports from internal 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 2022 meeting, the Board carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2022.

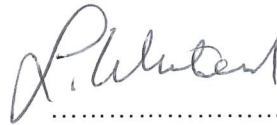
Tyne Coast College

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 21 December 2022 and signed on its behalf by:



G Clark
Chair



L. Whiterod CBE
Chief Executive

Tyne Coast College

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

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


I 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 ESFA.



L. Whiterod CBE
Chief Executive & Accounting Officer
21 December 2022

Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



G Clark
Chair of Governors
21 December 2022

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA and any other relevant funding bodies, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation 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 corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. Members of the corporation 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 corporation are responsible for securing economic, 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 ESFA and other public bodies are not put at risk.

Tyne Coast College

Approved by order of the members of the corporation on 21 December 2022 and signed on its behalf by:

.....
G Clark
Chair of Governors

Tyne Coast College

Independent auditor's report to the Members of Tyne Coast College

Opinion

We have audited the financial statements of Tyne Coast College (the 'College') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cashflows 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 2022 and of its deficit of income over expenditure for the year then ended;
- 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

In auditing the financial statements, we have concluded that the Members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. 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.

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 course of 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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Board of Governors 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 liquidate the College or 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the College and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and pension legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the assumptions used in determining the valuations of defined benefit obligations, revenue recognition (which we pinpointed to the cut-off assertion in respect of non-funding body grant income), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

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.

Tyne Coast College

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 20 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 (Dec 23, 2022 10:59 GMT)

Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

Date Dec 23, 2022

Tyne Coast College

Reporting Accountant's Assurance Report on Regularity

To: The corporation of Tyne Coast College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 12 July 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, 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 2021 to 31 July 2022 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Tyne Coast College and the ESFA 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 ESFA 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 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that 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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by ESFA. 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 and propriety.

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 and propriety of the corporation's income and expenditure.

Tyne Coast College

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.
- Tested a sample of individual learner records.
- 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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

Signed: Mazars
David Hoose (Dec 23, 2022 10:59 GMT)

Mazars LLP

Date: Dec 23, 2022

Tyne Coast College

Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
INCOME			
Funding body grants	2	21,204	20,363
Tuition fees and education contracts	3	12,946	11,978
Other income	4	2,054	2,392
Investment income	5	33	8
Total income		36,237	34,741
EXPENDITURE			
Staff costs	6	24,857	23,261
Restructuring costs	6	11	208
Other operating expenses	7	11,484	10,277
Depreciation	10	2,767	2,798
Interest and other finance costs	8	577	608
Total expenditure		39,696	37,152
Deficit before other gains and losses		(3,459)	(2,411)
Analysed as:			
Operating deficit after exceptional items		(3,459)	(2,411)
LGPS actuarial pension adjustment	22	2,000	1,860
LGPS pension finance costs	8	520	550
Capital Grants released in year	2, 4	(497)	(419)
Depreciation charge for the year	10	2,767	2,798
Interest received in year	5	(33)	(8)
Interest paid in year	8	57	58
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation - Education Specific		1,355	2,428
Loss on disposal of assets		-	-
Deficit for the year		(3,459)	(2,411)
Actuarial loss in respect of Local Government Pension Scheme	22	33,330	11,760
Actuarial loss in respect of EPP	15	159	(33)
Total Comprehensive Income for the year		30,030	9,316

Tyne Coast College

Statement of Changes in Reserves

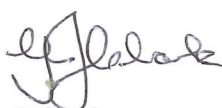
	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
College			
Balance at 1st August 2020	(1,214)	6,488	5,274
Deficit from the income and expenditure account	(2,411)	-	(2,411)
Other comprehensive income	11,760	-	11,760
Actuarial loss on enhanced pension scheme	(33)	-	(33)
Transfers between revaluation and income and expenditure reserves	84	(84)	-
Total comprehensive income for the year	9,400	(84)	9,316
Balance at 31st July 2021	8,186	6,404	14,590
Deficit from the income and expenditure account	(3,459)	-	(3,459)
Other comprehensive income	33,330	-	33,330
Actuarial gain on enhanced pension scheme	159	-	159
Transfers between revaluation and income and expenditure reserves	84	(84)	-
Total comprehensive income for the year	30,114	(84)	30,030
Balance at 31st July 2022	38,300	6,320	44,620

Tyne Coast College

Balance sheet as at 31 July 2022

	Notes	2022 £'000	2021 £'000
Non current assets			
Tangible fixed assets	10	51,014	52,146
Heritage assets	10	324	324
		51,338	52,470
Current assets			
Trade and other receivables	11	3,558	4,386
Cash and cash equivalents	16	8,207	7,286
		11,765	11,672
Creditors – amounts falling due within one year	12	(9,583)	(8,857)
Net current assets		2,182	2,815
Total assets less current liabilities		53,520	55,285
Creditors – amounts falling due after more than one year	13	(7,756)	(8,500)
Provisions			
Defined benefit obligations	15	(170)	(30,980)
Other provisions	15	(974)	(1,215)
Total net assets		44,620	14,590
Unrestricted reserves			
Income and expenditure account		38,300	8,186
Revaluation reserve		6,320	6,404
Total unrestricted reserves		44,620	14,590

The financial statements on pages 37 to 61 were approved and authorised for issue by the Corporation on 21 December 2022 and were signed on its behalf on that date by:



G Clark
Chair



Dr L Whiterod CBE
Accounting Officer

Tyne Coast College

Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash inflows from operating activities			
Deficit for the year		(3,459)	(2,411)
Adjustment for non cash items:			
Depreciation		2,767	2,798
(Increase)/decrease in stocks			
Decrease / (Increase) in debtors		828	(1,365)
Increase in creditors due within one year		726	543
(Decrease) / Increase in creditors due after one year		(521)	(501)
(Decrease) in provisions		(82)	(17)
Pensions costs less contributions payable		2,520	2,410
Adjustment for investing or financing activities:			
Investment income		(33)	(8)
Interest payable		57	58
		<u>2,803</u>	<u>1,507</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Investment income		33	8
Government capital grants received		116	1,315
Payments made to acquire fixed assets		(1,635)	(1,771)
		<u>(1,486)</u>	<u>(448)</u>
Cash flows from financing activities			
Interest paid		(57)	(58)
Repayments of amounts borrowed		(339)	(340)
		<u>(396)</u>	<u>(398)</u>
Increase in cash and cash equivalents in the year		<u>921</u>	<u>661</u>
Cash and cash equivalents at beginning of the year	16	7,286	6,625
Cash and cash equivalents at end of the year	16	8,207	7,286

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

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 2021 to 2022* 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 £2.0M 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 original loan covenants was that the College maintained net assets (including pension) shall not be less than £13,000,000 at any time, however Santander has confirmed in writing that this covenant has been removed from the loan agreement.

The College's forecasts and financial projections indicate that economic cost and income pressures resulting from the economic downturn and the war in Ukraine may compromise its ability to continue to achieve its existing loan covenants in the short to medium term. The loan covenants performance is monitored throughout the year.

The College has prepared financial and cash flow forecasts up to July 2024 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.

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 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 based on 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 because 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 based on 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 2 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 develop a revaluation policy after the outcome of its capital funding bids is known.

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

Tyne Coast College

1. Statement of principal accounting policies (continued)

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 several 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

Tyne Coast College

1. Statement of principal accounting policies (continued)

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.
- The College has considered its sponsorship agreement with Tyne Coast Academy Trust and has determined that the Academy Trust should not be consolidated into the college financial statements as it is not beneficial to the assets of the College.
- Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September was announced in November. This was 10.1% and was considerably higher than the CPI assumption set by employers as at 31 July 2022. Although Pension Increase orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2023 Pension Increase Order within the CPI assumption.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. 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 several 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 2022. 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 2022 £'000	Year ended 31 July 2021 £'000
Recurrent grants		
Education and Skills Funding Agency - Adult	2,341	2,357
Devolved - Adult (North of Tyne Combined Authority)	1,389	1,354
Education and Skills Funding Agency - 16-18	14,233	13,376
Education and Skills Funding Agency - 14-16	1,034	877
Office for Students	733	825
Specific Grants		
Education and Skills Funding Agency - 16-18	515	541
Teachers Pension Scheme Contribution Grant	614	675
Education and Skills Funding Agency - Covid-19 testing	-	75
Releases of government capital grants	247	215
Release of HE capital Grant	98	68
Total	21,204	20,363

3 Tuition fees and education contracts

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Adult education fees	3,866	3,080
Apprenticeship fees and contracts	-	7
Fees for FE loan supported courses	2,197	2,294
Fees for HE loan supported courses	2,530	2,376
International students fees	2,324	2,377
Total tuition fees	10,917	10,134
Education contracts	2,029	1,844
Total	12,946	11,978

		2022 £'000	2021 £'000
Sources of Office for Students grant and fee income Note			
Grant Income from Office for Students	2	831	893
Grant income from other bodies	2	20,126	19,180
Fee income for taught awards	3	2,530	2,376
Fee income for non-qualifying courses	3	10,416	9,602
Total grant and fee income		33,903	32,051

Tyne Coast College

Notes to the Accounts (continued)

4 Other income

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Catering and residences	603	411
Other income generating activities	72	25
Non funding body government capital grants	152	136
Coronavirus Job Retention Scheme Grant	-	445
Miscellaneous income	1,227	1,375
Total	2,054	2,392

The college furloughed teaching and non-teaching staff under the government's Coronavirus Job Retention Scheme during 2020/21. This was not required during 21/22 so funding received was £nil (2021: £445,000 relates to staff costs which are included within note 6.)

5 Investment income

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Other investment income	33	8
Total	33	8

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:

	2022 No.	2021 No.
Teaching staff	234	220
Non teaching staff	300	310
	534	530

Staff costs for the above persons

	2022 £'000	2021 £'000
Wages and salaries	15,428	14,444
Social security costs	1,489	1,302
Other pension costs (note 22)	5,084	4,800
Payroll sub total	22,001	20,546
Contracted out staffing services	2,856	2,715
	24,857	23,261
Restructuring costs - contractual	11	208
	24,868	23,469

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 £7,043.32.

Included in the 2022 figures is a £2,000,000 (2021: £1,860,000) LGPS pension charge relating to the July 2022 scheme valuation.

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, Chief Operating Officer, 3 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.

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	6	5

Tyne Coast College

Notes to the Accounts (continued)

6 Staff costs (continued)

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

	Key management personnel		Other staff	
	2022	2021	2022	2021
	No.	No.	No.	No.
£55,001 to £60,000	1	-	-	-
£60,001 to £65,000	-	-	2	4
£65,001 to £70,000	-	1	2	1
£70,001 to £75,000	1	-	2	-
£75,001 to £80,000	1	-	-	-
£80,001 to £85,000	-	1	1	-
£85,001 to £90,000	1	1	-	-
£115,001 to £120,000	1	-	-	-
£120,001 to £125,000	-	1	-	-
£145,001 to £150,000	-	-	1	-
£150,001 to £155,000	-	-	1	-
£235,001 to £240,000	1	1	-	-
	<u>6</u>	<u>5</u>	<u>9</u>	<u>5</u>

With reference to the above annual emoluments analysis, the key management member in the £65,001 to £70,000 band left during the College during this financial year and was replaced by the member in the £55,001 to £60,000 band. The grossed up full time equivalent emoluments for these 2 members would fall within the £120,001 to £125,000 and £85,001 to £90,000 bands respectively.

Key management personnel emoluments are made up as follows:

	2022	2021
	£'000	£'000
Salaries	647	597
Benefits in kind	3	3
	<u>650</u>	<u>600</u>
Pension contributions	80	82
Total key management personnel compensation	<u>730</u>	<u>682</u>

The above compensation includes amounts paid to the Chief Executive who is the Accounting Officer and who is the highest paid member of staff. Their pay and remuneration is as follows:

	2022	2021
	£'000	£'000
Salaries	237	237
Benefits in kind	-	-
	<u>237</u>	<u>237</u>
Pension contributions	-	-

The Chief Executive salary shown above reflects the dual role of Chief Executive for both Tyne Coast College and Tyne Coast Academy Trust, an academy trust sponsored by Tyne Coast College. This salary also includes approximately £45,000 annual pension contributions which are taken as salary by the Chief Executive.

The Board has adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. 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.

Tyne Coast College

Notes to the Accounts (continued)

6 Staff costs (continued)

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

	2022	2021
Chief Executive's basic salary as a multiple of the median of all staff	8.65	8.52
Chief Executive's total remuneration as a multiple of the median of all staff	6.92	6.99

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

The above median calculations are based on substantive posts only and therefore exclude any internal and external agency staff.

	2022 £	2021 £
Compensation paid to the former post-holder - contractual	-	-

No severance payments to key personnel were made in the year (2021: £nil).

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.

7 Other operating expenses

	2022 £'000	2021 £'000
Teaching costs	5,336	4,631
Non teaching costs	3,609	3,183
Premises costs	2,539	2,463
Total	11,484	10,277

Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration:		
Financial statements audit	51	50
Internal audit	34	31
Other services provided by the internal auditors	7	10
Hire of assets under operating leases	746	726

8 Interest and other finance costs

	2022 £'000	2021 £'000
On bank loan	57	58
Pension finance costs (note 22)	520	550
Total	577	608

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 2021	77,277	13,468	90,745
Additions	328	1,307	1,635
At 31 July 2022	77,605	14,775	92,380
Depreciation			
At 1 August 2021	29,092	9,507	38,599
Charge for the year	1,803	964	2,767
At 31 July 2022	30,895	10,471	41,366
Net book value at 31 July 2022	46,710	4,304	51,014
Net book value at 31 July 2021	48,185	3,961	52,146

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 2021	324
31 July 2022	324

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

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	1,826	2,301
Prepayments and accrued income	1,732	2,085
Total	<u>3,558</u>	<u>4,386</u>

12 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loans	340	340
Trade creditors	1,021	940
Payments received in advance	3,559	3,073
Holiday pay accrual	731	679
Other taxation and social security	484	442
Accruals and deferred income	2,474	2,582
Deferred income - government capital grants	480	455
Amounts owed to the Education and Skills Funding Agency	494	346
Total	<u>9,583</u>	<u>8,857</u>

13 Creditors: amounts falling due after one year

	2022 £'000	2021 £'000
Bank loans	1,698	2,037
Deferred income - government capital grants	6,058	6,463
Total	<u>7,756</u>	<u>8,500</u>

14 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2022 £'000	2021 £'000
In one year or less	340	340
Between one and two years	340	340
Between two and five years	1,019	1,020
In five years or more	339	677
Total	<u>2,038</u>	<u>2,377</u>

The College has 6 years remaining on a 10 year loan with Santander, which repayable by instalments at an interest rate of SONIA + 2.25%. The loan is secured on the College's Marine Offshore Safety Training premises and as at 31 July 2022, the outstanding loan balance is £2,038,000

Tyne Coast College

Notes to the Accounts (continued)

15 Provisions

	Defined benefit obligations £'000	Enhanced Pensions £'000	Total £'000
At 1 August 2021	30,980	1,215	32,195
Expenditure in the year	(1,340)	(101)	(1,441)
Charge in the year	(29,470)	19	(29,451)
Enhanced Pension Provision actuarial gain in year	-	(159)	(159)
At 31 July 2022	170	974	1,144

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:	2022	2021
Price inflation	2.60%	2.60%
Interest rate	3.50%	1.60%

16 Analysis of changes in net debt

	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Cash and cash equivalents	7,286	921	8,207
Bank Loans - long term	(2,377)	339	(2,038)
Total	4,909	1,260	6,169

17 Capital

	2022 £'000	2021 £'000
Commitments contracted for at 31 July	-	-

Tyne Coast College

Notes to the Accounts (continued)

18 Financial instruments

	2022 £'000	2021 £'000
<i>Financial assets measured at amortised cost</i>		
Trade debtors	1,826	2,301
	<u>1,826</u>	<u>2,301</u>
	2022 £'000	2021 £'000
<i>Financial liabilities measured at amortised cost</i>		
Bank loan	2,038	2,377
Trade creditors	1,021	940
Amounts owed to the Education and Skills Funding Agency	494	346
	<u>3,553</u>	<u>3,663</u>

19 Lease Obligations

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

	2022 £'000	2021 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	3	3
Later than one year and not later than five years	11	11
later than five years	61	64
	<u>75</u>	<u>78</u>
Other		
Not later than one year	725	731
Later than one year and not later than five years	2,043	2,341
	<u>2,768</u>	<u>3,072</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 was been calculated by the actuaries. This liability has now been settled, with the college making a £9,000 contribution towards the settlement agreement in February 2022.

21 Events after the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements.

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	2022	2021
	£'000	£'000
Teachers Pension Scheme: contributions paid	1,739	1,642
Local Government Pension Scheme:		
Contributions paid	1,315	1,325
FRS 102 (28) charge	<u>2,000</u>	<u>1,860</u>
Charge to the Statement of Comprehensive Income	3,315	3,185
Enhanced pension charge to Statement of Comprehensive Income	19	17
Total Pension Cost for Year within staff costs	<u>5,073</u>	<u>4,844</u>

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 £385,000 (2021: £398,000) 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.

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 2021/22 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 £1,739,000 (2021: £1,642,000)

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

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 2022 was £1,704,657, of which employer's contributions totalled £1,315,375 and employees' contributions totalled £385,282. 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 2022 by a qualified independent actuary.

CPI assumption

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in November. This was 10.1% and was considerably higher than the CPI assumption set by employers as at 31 July 2022. Although Pension Increase orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2023 Pension Increase Order within the CPI assumption.

The following information is based upon a full actuarial valuation of the fund at 1 March 2016 by a

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	4.10%	4.10%
Future pensions increases	2.60%	2.60%
Discount rate for scheme liabilities	3.50%	1.70%
Pension accounts revaluation rate	2.60%	2.60%
Inflation assumption (CPI)	2.60%	2.60%

The current mortality assumptions include sufficient allowance for future improvements in mortality

	At 31 July 2022 years	At 31 July 2021 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	26.70	26.90

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 2022	Fair Value at 31 July 2022	Asset allocation at 31 July 2021	Fair Value at 31 July 2021
		£'000		£'000
Equities	53.80%	37,187	56.30%	38,571
Government Bonds	1.60%	1,106	2.00%	1,370
Corporate Bonds	18.60%	12,856	19.60%	13,428
Multi-Asset Credit	4.40%	3,041	0.00%	0
Property	11.10%	7,672	7.90%	5,412
Cash	1.80%	1,244	4.00%	2,740
Other	8.70%	6,014	10.20%	6,988
Total market value of assets		69,120		68,509
Actual gain on plan assets		820		11,270

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

	2022 £'000	2021 £'000
Fair value of plan assets	69,120	68,510
Present value of plan liabilities	(69,290)	(99,490)
Net pensions liability (Note 15)	(170)	(30,980)

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	(3,300)	(3,070)
Past service cost	(40)	-
Total	(3,340)	(3,070)
Amounts included in interest expense		
Net interest on defined benefit liability (note 8)	(520)	(550)
Total	(520)	(550)

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(340)	10,460
Experience gains arising on defined benefit obligations	33,670	1,300
Amount recognised in Other Comprehensive Income	33,330	11,760

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movements in net defined benefit liability during the year

	2022 £'000	2021 £'000
Deficit in scheme at 1 August	(30,980)	(40,330)
Movement in year:		
Current service cost	(3,300)	(3,070)
Employer contributions	1,340	1,210
Past service cost	(40)	-
Net interest on the defined pension liability	(520)	(550)
Remeasurement gains on plan assets	(340)	10,460
Actuarial gain	33,670	1,300
Net defined benefit liability at 31 July	<u>(170)</u>	<u>(30,980)</u>

Asset and Liability Reconciliation

	2022 £'000	2021 £'000
Movements in present value of defined benefit obligations		
Defined benefit obligations at start of period	(99,490)	(98,090)
Current Service cost	(3,300)	(3,070)
Interest expense on defined benefit obligation	(1,680)	(1,360)
Contributions by participants	(390)	(360)
Actuarial gain on liabilities	33,670	1,300
Net benefits paid out	1,940	2,090
Past Service cost	(40)	-
Defined benefit obligations at end of period	<u>(69,290)</u>	<u>(99,490)</u>

Movements in fair value of plan assets

Fair value of plan assets at start of period	68,510	57,760
Income on assets	1,160	810
Remeasurement (loss) / gain on plan assets	(340)	10,460
Contributions by the employer	1,340	1,210
Contributions by participants	390	360
Net benefits paid out	(1,940)	(2,090)
Assets at end of period	<u>69,120</u>	<u>68,510</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.

£1,585 expenses were paid to or on behalf of 2 governors during the year (2021: £nil).

No Governor has received any remuneration or waived payments from the College during the year (2021: None).

IAMI - a company in which G Hindmarch (a governor of the college) is Company Secretary and Director

Purchase transactions in the year amounted to £43,010 (2021: £nil), with no outstanding balance at the year end.

Groundwork South Tyneside and Newcastle - a company in which A Watts (a governor of the college) is Executive Director.

Purchase transactions in the year amounted to £660 (2021: £nil), with no balance outstanding at the year end.

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

In 2022, the college provided Tyne Coast Academy Trust with £696,955 (2021: £500,165) of corporate, financial, governance and consultancy support services as its sponsor, with a £231,055 balances outstanding at the year end (2021: £20,680). Purchase transactions in the year amounted to £500 (2021: £3,364), with no outstanding balance at the year end (2021: £nil).

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

Purchase transactions in the year amounted to £197,303 (2021: £157,539), with no outstanding balance at the year end (2021: £nil).

24 Amounts disbursed as agent

Learner support funds

	2022 £'000	2021 £'000
Funding body grants – bursary support	728	677
Funding body grants – residential bursaries	17	21
	<hr/> 745	<hr/> 698
Disbursed to students	(695)	(622)
Administration costs	(35)	(31)
	<hr/> 15	<hr/> 45

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.