

# TYNE COAST COLLEGE

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023



TyneCoastCollege



South Tyneside College



tyne  
metropolitan  
college



SOUTH SHIELDS  
MARINE  
SCHOOL



QUEEN  
ALEXANDRA  
SIXTH FORM COLLEGE

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel are defined as members of the College Executive Leadership Team and were represented by the following in 2022/23:

Dr Lindsey Whiterod CBE, DL, Chief Executive Officer; Accounting Officer

Ms Jane Cuthbertson, Chief Operating Officer

Ms Val Howey, Interim HR Consultant

Mr Simon Ashton, Principal South Shields Marine School

Ms Mandy Morris, Principal Tyne Met and South Tyneside College

### **Board of Governors**

A full list of Governors is given on pages 20 to 22 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

## Contents

Strategic Report	3
Statement of Corporate Governance and Internal Control	20
Statement of Regularity, Propriety and Compliance	29
Statement of Responsibilities of the Members of the Corporation	30
Independent Auditor's Report to the Members of Tyne Coast College	32
Reporting Accountant's Assurance Report on Regularity	37
Statement of Comprehensive Income and Expenditure	39
Statement of Changes in Reserves	40
Balance Sheet at 31 July 2023	41
Statement of Cash Flows	42
Notes to the Accounts	43

# Tyne Coast College

## STRATEGIC REPORT

### NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31<sup>st</sup> July 2023.

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 developing the potential of the employees of the future, thereby ensuring the long-term prosperity of our region.

### Legal Status

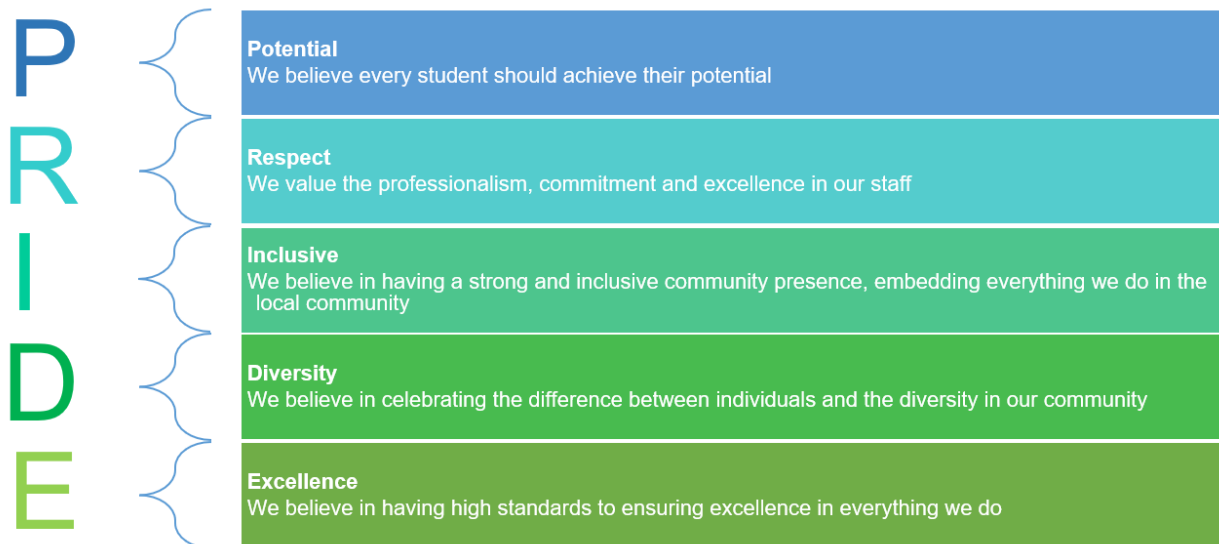
The Tyne Coast College Board was established on 1<sup>st</sup> August 2017 under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### Vision and Mission

Our vision is “Transforming Lives”

The strategic priorities will be achieved through our mission and values.

These are developed to reflect our belief in having a strong community presence and that we take **PRIDE** in helping every student to achieve their potential; **BIGGER, BETTER, STRONGER**.



### Implementation of Strategic Plan

The College 2020-2025 Strategic Priorities are:

#### Strategic Priority 1 - For Places

- Taking forward at pace the DfE approved campus plans as part of the FE Capital Transformation bid.

## **Tyne Coast College**

- Developing an imaginative campus approach to both South Tyneside and North Tyneside as the key community resource for our learners providing a space for interaction, lifelong learning and employer led skills.
- Being a key player in our community for skills, employability and economic growth responding to the new devolved authority skills agenda.
- Being a key player in the Marine Training world offering the skills employers need to emerge successfully post COVID.
- Ensuring our delivery model is aligned to new government skills and growth priorities, local skills plans, local employers, and the skills needs of the future.

### **Strategic Priority 2 – For People and Productivity**

- Creating a new staffing package to tackle our most significant risk – staff recruitment, retention, and remuneration. Being 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 organisation.
- Delivering high quality education and skills to our students to enable them to access specific emerging and new work pathways.
- Ensuring our English and Maths outcomes are improved significantly to match the high standard of outcomes in the rest of the College.
- Ensuring the destinations of our students are key to everything we do.
- Rapidly enhancing the mental health and wellbeing support we provide for our students at all levels and at every point of contact with us as a College.
- Substantially increasing our employer partnership base throughout this year to ensure a dynamic employer led curriculum.
- Developing programmes – particularly the new T Levels to match skills and productivity needs of wider economy and the government targets.

The College successfully bid into the Further Education Capital Transformation Fund which enabled the College to build a new campus in South Tyneside and acquire and reconfigure an existing building for a new campus in the Cobalt Business Park in North Tyneside. The College has not been able to conclude land sales in time to meet the December 2024 timeframe to spend the grant that had been allocated and is not able to progress with the Cobalt project. The College is reviewing priority areas at the current Tyne Metropolitan site and is assessing options available in the short and medium term.

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. Our future growth will depend on reviewing our current staffing profile, opportunities for funding through government initiatives and from ensuring the correct curriculum offer.

## **RESOURCES**

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

The College employs 545 people of whom 237 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.

## Tyne Coast College

As at 31 July 2023, the College has £42,126,000 (2021/22: £44,620,000) of net assets (including £0 (2021/22: £170,000) LG pension liability) and long term debt of £9,839,000 (2021/22: £7,756,000).

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.

In 2021-2022 (the data below includes Maths, English, Marine & Partners):

- 16 -18 achievement was 81.6% against a national rate of 81.1%.
- 19+ achievement was 90% against a national rate of 86.7%.
- Apprenticeship achievement was 70.2% against a national rate of 66%.
- Overall achievement was 85.6% against a national rate of 83.8%

The following shows the actual achievement data for 2022-2023 (which includes Maths, English, Marine & Partners):

- 16 -18 achievement is currently 86.8% against a national rate of 81.1%.
- 19+ achievement is currently at 90.7% against a national rate of 86.7%.
- Overall achievement is currently 88.7% against a national rate of 83.8%.
- Apprenticeship achievement is predicted to be 59.1% against a national rate of 57%.

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.

Recent awards include:

- Hair & Beauty College of the Year for 2022-2023, alongside a number of individual category accolades
- 'Healthy Schools' status
- Multiple Helena Kennedy Award Winners
- Engineering North East Award Winners with Regional Skills.

The College is an education partner in the International Advanced Manufacturing Park and the North East Institute of Technology. Other partnership arrangements include:

- Local Skills Improvement Fund initiatives, (in collaboration with Employer Representative Bodies; North East Automotive Alliance and North East Chamber of Commerce)
- Strategic Development Fund initiatives
- Advanced Manufacturing Forum
- Education Training Foundation
- Local Authorities, (South Tyneside Council & North Tyneside Council)
- Strategic partner for the Economic Inclusion & Skills plan
- SEND Leadership Board (North & South)
- Higher Technical Qualifications – Skills Injection Funding, network programme
- Partnering with a number of bodies working to develop stronger links between schools and College's, (Connexions – North & South, North Tyneside Learning Trust and NELEP Careers Hub).

The College was graded 'Good' by Ofsted in 2019. In 2023, the Halls of Residence maintained their rating of 'Outstanding' from Ofsted.

## **Tyne Coast College**

The Chief Executive, Dr Lindsey Whiterod CBE, is a Deputy Lieutenant.

### **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 1. 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 Local Enterprise Partnership (LEP), North and South Tyneside Local Authorities, North East Institute of Technology, Northumberland Council, North of Tyne Combined Authority and the North East Chamber of Commerce;
- major employers in the region, including NHS, Persimmon, SAGE, JTL, Nexus, Northern Powergrid, EDF Energy, NUFC, Carnival Cruises, Clyde Marine Training, Pritchard Gordon Tankers and Northumberland Fire Service;
- medium sized organisations such as WD Close, Age Concern, British Engines, Newcastle Rugby and Morpeth Town FC plus a wide variety of micro business and Small and Medium Enterprises (SMEs) in all sectors of the economy;
- professional organisations to support all aspects of delivery. These include Sport England, Hair and Beauty Industry Authority, Construction Industry Training Board (CITB), Hospitality Awarding Body. Awarding Bodies include City and Guilds, Pearsons, Oxford, Cambridge and RSA (OCR), Northern Council for Further Education (NCFE), One Award and Council for Awards in Care, Health and Education (CACHE). For Quality and Financial Assurance, we conform to guidelines set by Ofsted, Office for Students, Quality Assurance Agency (QAA), Institute for Apprenticeships and Technical Education, the Education and Skills Funding Agency (ESFA) and the Department for Education as well as The Education and Training Foundation and Association of Colleges (AOC) who support us with T-Level readiness and updates;
- We offer a strong portfolio of Careers Education, Information Advice and Guidance (CEIAG) to schools within the local authority's remit as well as secondary schools in the wider 'travel to learn' radius. Engagement with schools starts from Y7 and extends through to Y13. The offer ensures schools reach all Gatsby Benchmarks, as well as providing information on key areas such as T Levels, apprenticeships and the importance of English and maths;
- 14-16 provision enables learners to stay on 'school roll' however, attend College to undertake a programme of study for up to 24 hours per week;
- Special Educational Needs and Disabilities (SEND) provision is supported by Skills Build which enables young people to acquire new skills and move into adulthood.

### **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 20 to 22.

## **Tyne Coast College**

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.

The College provides the following identifiable public benefits through the advancement of Education:

In delivering its vision, by:

- high quality teaching, learning and assessment
- Positive destinations for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)
- Links with Local Skills Improvement Plans and funding
- Widening participation and tackling social exclusion

By demonstrating our commitment to the above:

- Tyne Coast College offers quality provision with achievement data that exceeds national rate
- A maritime offer has been recognised at the highest level nationally and has a worldwide reputation for excellence
- The marine school has a diverse and multicultural student body. The international students bring a significant cultural diversity to both the College and the local community where they live
- Tyne Coast College is in partnership with the North East Automotive Alliance and The North East Chamber of Commerce

We offer a broad range of courses for all ages. These include:

- 16-19 study programmes
- Adult courses, (ESOL, Digital Skills, Maths & English)
- Apprenticeship provision, (L2 - L5)
- Higher Education
- Higher Technical Qualifications (L4 – L5)
- Community learning
- SEND provision
- Commercial / full cost

ESFA funded courses include:

- Health, Public Services and Care
- Science and Mathematics
- Agriculture, Horticulture and Animal Care
- Engineering and Manufacturing Technologies
- Construction, Planning and the Built Environment
- Information and Communication Technology
- Retail and Commercial Enterprise
- Leisure, Tourism and Travel
- Arts, Media and Publishing
- Social Sciences
- Languages, Literature and Culture
- Education and Training
- Preparation for Life and Work
- Business, Administration and Law



## **Tyne Coast College**

Tyne Coast College provides 166 Higher Education courses which can be accessed regionally, nationally and internationally. In 2022-2023 the College had 211 international learners studying Higher Education within the South Shields Marine School.

Tyne Coast College currently delivers more than 35 apprenticeships standards with progression routes from L2 – L5.

We will offer T Levels in 2023-2024 in Early Years and Education across both campuses. In 2022-2023 TCC worked closely with the Education and Training Foundation to upskill and gain a greater understanding of the delivery of T Level provision.

In 2022-2023 the College successfully secured bids to support the development of Higher Technical Qualifications Skills Injection Funding, leading on Health Science and supporting Education & Engineering.

The College linked with the North of Tyne Combined Authority during 2022-2023 to enable the College to deliver Sector Based Work Academy Programmes to those furthest away from the labour market.

The Tyne Coast College Strategic Plan demonstrates how the College will continue to work closely with employers. The partnerships developed in 2022-2023 were supported using Advisory Boards, enabling the College to maintain external links with key stakeholders.

Student satisfaction in the College Learner Survey in 2022-2023 demonstrated:

- 95% of our students are making good progress against their starting points;
- 94% said that they are developing the skills needed to move into employment;
- 95% stated that the College encourages a culture of respect from those with different backgrounds, faiths, and beliefs; and
- 94% of students believe that they are achieving what they set out to achieve.

We will continue to be recognised locally, nationally and internationally for excellence in our academic programmes and student experience.

The College offers a range of further and higher-level courses enabling students to progress from further to higher education in one institution and provides employers with a wider range of provision appropriate to the skills needs of their employers across an equally broad range.

## **DEVELOPMENT AND PERFORMANCE**

### **Financial Results**

The College generated a deficit from operations before other gains and losses in the year of £3,281,000 (2021/22 a deficit of £3,459,000). £590,000 of this loss (2021/22 £2,520,000) 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.

## **Tyne Coast College**

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 -£62,000 (2021/22 £1,407,000), which includes £485,000 of written off costs associated with a cancelled college relocation project, which are partly offset by £326,000 associated revenue grants.

### **Cash Flows and Liquidity**

At -£3,144,000 (2021/22 £2,803,000) net cash flows from operating activities were less robust than previous years largely due to increased income accruals associated with Higher Education loans from the Student Loan Company which will be received in the following academic year. £877,000 net cash outflows were used to purchase fixed assets (equipment purchases and building works). The decrease in cash in the year was £4,471,000, of which £1,269,000 relates to expenditure of College working capital on the capital relocation project and £485,000 relates to written off costs incurred against a cancelled College relocation project. The College has a year end cash position of £3,736,000 (2021/22 £8,207,000).

As at the year ending 31 July 2023, the College had an outstanding loan balance of £1.70m. This was part of the financing strategy for the construction facility new build in 2018.

### **Developments**

Tangible fixed asset additions during the year were £4,329,000. 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 a new campus, as well as IT and other equipment and furniture upgrades across all College sites.

### **Reserves**

The College has accumulated reserves of £42,126,000 and cash balances of £3,736,000 (2021/22 £44,620,000 and £8,207,000). This reduction in College reserves is a result strategic decision making regarding investment in the new College campus and operational investment to strengthen learner experience and College performance.

### **Sources of Income**

The College has significant reliance on the education sector funding bodies for its principal funding source. In 2022/23, the Education and Skills Funding Agency (ESFA) provided 48% (2021/22: 52%) of the College's total income.

## **FUTURE PROSPECTS**

### **Financial Plan**

The College's 2022/23 performance has not been as strong as previous years. Decisions were made to invest in resources to strengthen the College's data and outcomes which has led to a short-term decline. As part of an in year strategic review coupled with a further review during the Curriculum Planning process plans will be made to address this decline and return contribution levels to previous levels to improve the College's financial health grade back to "good" within two years.

## **Tyne Coast College**

The College continues to drive through efficiencies in its procurements and be as economic, efficient and effective as possible resulting in cost savings and efficiencies in processes.

The College governors approved a financial plan in July 2023, which sets objectives for the period to 2024. The key financial objectives are:

- Manage finances within the forecasted 'requires improvement' financial health score ensuring a planned approach to regaining 'good' financial health.
- Ensure compliance with Reclassification requirements and HMT Managing Public Money;
- Effective management of College capital relocation projects, including timely reporting of progress to governors;
- Maintain reduction in the level of ESFA subcontracted provision to no more than 5% of total income;
- Continued development of automated processes to improve efficiency and timeliness of management information; and
- 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 is implementing a strategy to improve its working capital position to support College activities. The College Income and Expenditure reserve stands at £35,889,000 (2021/22: £38,300,000), with the £2,411,000 decrease in reserves heavily linked to the College's investment in assets and in year performance. Whilst the College is not achieving operating surplus in the current year, it is the corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

### **Academies**

The College is the sponsor for five academies based within South Tyneside, Sunderland and Newcastle. The Academies are part of Tyne Coast Academy Trust.

There is an established Academy Trust Board who provide strategic direction and guidance, and place high expectations on each academy to transform the educational landscape in their area.

### **Staff and Student Involvement**

- The College has a Student Governor position on the College Board. The Student Presidents are also active across the College and play an active role in the governance of the College.
- The College 'Feel Good Friday' newsletter recognises achievements of individual members of staff and students, the work of departments and the College as a whole.
- South Shields Marine School hosted the Women in Maritime Lunch as part of its monthly Women in Maritime Forum. It also held several quiz nights and its annual charity rowing event to raise funds for the Dr Winterbottom charitable fund and National Sea Fairers.

## Tyne Coast College

- The College celebrated 'Pride' month in June with a range of activities to promote awareness.
- The College hosts the transgender support group on a weekly basis.
- Staff and students took part in the transgender Hair & Beauty regional skills competition where we were placed 3<sup>rd</sup>.

### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

- **Competition and demographic changes**

Competition for student numbers within the region is a significant risk to the College, particularly with some local College's having city centre locations and new buildings which are 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. There are larger more modern College's located within commutable distance for learners which is also a factor in attracting students.

The steps taken to mitigate risk where possible include:

- development of the College estate with the South Tyneside site being re-located to more modern premises.
- 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.

## Tyne Coast College

- **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 2025 and, within that plan, identified potential reductions in funding and the counter measures by which the College will ensure that it remains financially viable. The College is implementing a financial strategy to ensure it regains the good financial health rating whilst maintaining good performance data within a two-year period. This will involve a combination of cost efficiencies and conservative growth in commercial income sources.

The College is subject to bank covenants due to a loan of which two have been breached within this financial year. The College actively engaged with its funders regarding its short-term financial performance which has resulted in the bank waiving these covenant restrictions for the year.

The College will continue to:

- ensure that the College continues to deliver high quality education and training;
- maintain and manage key relationships with funding bodies;
- take appropriate action to improve its financial health;
- implement cost efficiencies; and
- review alternative delivery models including sector based work skills (SWAPS) and distance learning.

The College continues to operate within the tight financial constraints within the sector whilst absorbing pressures on staffing costs as a result of national minimum wage, increased pay costs following a prolonged period of below inflation pay awards and increased employer pension contributions. The College is managing these pressures and is setting an ambitious performance

## Tyne Coast College

target as part of the ongoing Curriculum Planning work. The College has robust financial controls in place and seeks to monitor and mitigate pressures through pro-active financial management.

- **External Factors**

There are several external factors which are outside the control of the College which 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.

In the event of a deficit, the financial statements report the share of the Local Government Pension Scheme (LGPS) liability on the College balance sheet in line with the requirements of FRS 102. The actuary bases forecasts on various assumptions such as discounting rates, salary growth and mortality rates. In the Actuarial valuation exercise, an asset pay out at a future date is estimated using these assumptions.

This year's LGPS valuation is demonstrating a pension scheme surplus; however, this surplus is not recognised in the College's balance sheet due to the inaccessible nature of this asset.

It is important to recognise that the College has no control over the annual actuarial calculations for the LGPS pension scheme.

Changes in Financial Reporting Standards (FRS's) could impact on the reporting of future financial statements. There are currently no upcoming FRS's which will impact on Financial Reporting in the medium term.

- **College Relocation to New Campuses**

As referenced within this report the College is undertaking a new project to relocate the Westoe Campus into a new and more sustainable building. There are several risks associated with this project including delivery of the project within timescale and within budget. The project will also impact on Financial Health through the assessment of the gearing ratio as a Department for Education Loan has been requested to partly finance the project.

The College is mitigating this risk through continuous assessment of project funding available against costs to deliver the projects and risks documented in a project risk register with key decisions being made at the established Project Board.

The College is reviewing options available in the future regarding the Tyne Metropolitan College site and is identifying priority areas that need to be invested in.

## **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;
- Launch of Roadmap to Zero;

## Tyne Coast College

- Video Conferencing has become more widely used for support departments to operate a more hybrid working practice which is 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 aircon in halls common room, computer area and offices and removal of gas boilers;
- 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;
- Refectory food waste is separated and recycled; and
- The college being built in South Shields will be built / fitted out to minimise the impact on the environment and reduce the carbon footprint of College activities. The site will be designed to operate as carbon neutral, gas free and will be BREEAM good.

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

<b>Greenhouse Gas Emissions &amp; Energy use data for the period 1<sup>st</sup> August 2022 to 31<sup>st</sup> July 2023</b>	<b>2022/23</b>	<b>2021/22</b>
Energy Consumption used to calculate emissions (KWh)	10,512,108	7,776,266
<b>Energy Consumption breakdown (KWh):</b>		
Gas	6,915,930	4,678,689
Electricity	3,492,320	3,023,594
Transport Fuel	103,858	73,983
<b>Scope 1 emissions in metric tonnes CO2e</b>		
Gas Consumption	1,262.57	854.05
Own Transport	13.19	5.63
Total Scope 1	1,275.76	859.68
<b>Scope 2 emissions in metric tonnes CO2e</b>		
Purchased Electricity	723.17	584.70
<b>Scope 3 emissions in metric tonnes CO2e</b>		
Business Travel in employee-owned vehicles	16.45	12.37
Total gross emissions in metric tonnes CO2e	<b>2,015.38</b>	<b>1,456.75</b>
<b>Intensity Ratio</b>		
<b>Tonnes CO2e per member of staff</b>	<b>3.70</b>	<b>2.73</b>

### 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 2023 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 2022-23, outlined below:

## Tyne Coast College

- Maintain an ESFA Financial Health rating of Good including an Adjusted Current Ratio (ACR) of at least 1.6 to safeguard performance against future loan covenant requirements. *The College missed this target and agreed a waiver of loan covenants.*
- Maintain reduction in the level of ESFA subcontracted provision to no more than 5% of total income. *This has been achieved.*
- Ensure the level of AEB delivery through partnerships meets 2022-23 guidance requirements. *This has been achieved.*
- Continued development of automated processes to improve efficiency and timeliness of management information. *This has been achieved.*
- Continued monitoring of the possible effect of Covid-19 regarding the College achieving the financial targets set in this budget. *This has been achieved as the College is not aware of Covid-19 materially impacting upon 2022-23 financial performance.*
- Review of the College refectories provision to ensure value for money. *Following on from the College's successful bid for relocation grant funding, the College is unable to re-tender for catering services until it has relocated to its new campuses. This review has therefore not taken place; however, the College has maintained a robust challenge to refectory service costs to optimise the financial cost of these services to the College.*

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

### Student Numbers

In 2022/23, the College has delivered activity that has produced £18,762,000 in main FE allocation funding (2021/22: £18,997,000).

The College enrolled approximately 9,020 students in 2022/23. The College's student population includes 120 school age pupils; 2,200 16–18-year-old students; 600 apprentices, 1,100 higher education students, 1,000 international students and 4,000 adult learners.

### Student Achievements

Overall success rates in 2022/23 are 93% (2021/22 95%).

### Payment Performance

The College endeavours to pay all validated invoices within 30 days of the invoice date in line with The Late Payment of Commercial Debts (Interest) Act 1998 which came into force on 01 November 1998 unless different terms have been agreed with the supplier. The target set by Treasury for payment to suppliers within 30 days is 95%.

## OTHER INFORMATION

### Equality, Diversity and Inclusion

Tyne Coast College is committed to the principles of equality, diversity and inclusion and promotes and fosters a culture that enables every student and every member of staff to feel included, whatever their background, abilities or disabilities, age, race, religion or beliefs, sexual orientation, gender or family circumstances.

The College embraces the benefits and opportunities that come from having a diverse mix of staff and students in the College environment. We aim to ensure that the College is an environment that is free from discrimination, harassment and victimisation.

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



## Tyne Coast College

The College produces an Annual Equality, Diversity and Inclusion 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, Diversity and Inclusion 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 2023
Mean gender pay gap	0.44%
Median gender pay gap	9.76%
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	39.84%	60.16%
2 – Middle lower quartile	46.34%	53.66%
3 – Middle upper quartile	53.23%	46.77%
4 – Upper quartile	51.61%	48.39%

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.

### Disability Statement

The College's Disability Equality Policy is contained within the Equality, Diversity and Inclusion policy. It seeks to achieve the objectives set down in the Equality Act 2010.

- 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;

## **Tyne Coast College**

- 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.

## Tyne Coast College

### 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
7	6.22

Percentage of time	Number of employees
0%	
1-50%	7
51-99%	
100%	

Total cost of facility time	£20,077
Total pay bill	£22,419,310
Percentage of total bill spent on facility time	0.08955%

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

After reviewing the strategy of improving financial health over the next two years, the governors have assurance that the College has adequate resources to continue in operational existence for the foreseeable future. The College has sufficient financial oversight to enable decision making to protect the financial viability of the College.

The College therefore continues to adopt the going concern basis in preparing its financial statements.

Further details relating to the bank loan covenants can be found in note 1 of these financial statements and has been referenced earlier in this report. 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

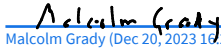
In November 2023, as noted in the strategic report, the college decided to cancel its project to relocate its Tyne Metropolitan campus delivery to a new site on the Cobalt Business Park in North Tyneside. This has meant that the costs incurred and the government grants received as at the financial year end at a net cost of £159,000 (£485,000 expenditure less £326,000 associated government grants) have been recognised in the college Statement of Comprehensive Income and Expenditure.

## Tyne Coast College

### Disclosure of Information to Auditor

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

**Approved by order of the members of the Board on 19 December 2023 and signed on its behalf by:**

  
Malcolm Grady (Dec 20, 2023 10:26 GMT)

**M Grady**  
**Chair**

## Tyne Coast College

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1<sup>st</sup> August 2022 to 31<sup>st</sup> July 2023 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 College's from the Association of College's in The Code of Good Governance for English College's ("the Code").

In the opinion of the governors, the College complies with the provisions of the Code. This opinion is based on an internal review of compliance with the Code reported to Governance and Search Committee on 16 November 2022 and the Board on 21 December 2022. A further review was held on 15 November 2023 and will be held on 19 December 2023. 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 College's issued by the Association of College's 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/Task Groups Served (up to 31.07.2023)	Full Board Attendance (up to 31.07.2023)
Sheila Alexander	1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31 July 2023	31 July 2023	College Governor	Audit Quality, Curriculum and Standards Appeal Hearing	86%
George Clark	9 July 2014 9 July 2015 1 Aug 2017 18 Dec 2019 1 April 2020 14 July 2021 (extended term)	9 July 2014 to 28 Jan 2019  Until 8 July 2025		College Governor	Performance Review New Build Task Group	100%
Malcolm Grady	1 Nov 2015 1 Nov 2016 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31 Oct 2026		College Governor	Finance & Resources Quality, Curriculum and Standards Dr Winterbottom Charitable Trust Performance Review Business Development Hearing New Build Task Group	100%

## Tyne Coast College

Mark Overton	1 Nov 2014 1 Nov 2015 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31 July 2025		College Governor	Audit Governance & Search Performance Review	100%
Colin Seccombe MBE	1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31 July 2024		College Governor	Governance & Search Finance & Resources Dr Winterbottom Charitable Trust Appeal Hearing	86%
Ian Pippin	15 Oct 2020	Until 14 Oct 2024	20 Oct 2022	Staff Governor		0%
Donya Urwin	1 Jan 2020 16 Dec 2020 14 July 2021 (extended term)	31 Dec 2029		College Governor	Finance & Resources Business Development Hearing	57%
Andrew Walton	24 March 2016 24 March 2017 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 23 Mar 2027	21 Oct 2022	College Governor	Finance & Resources Business Development	0%
Jacqueline Watson	1 Jan 2020 16 Dec 2020 14 July 2021 (extended term)	31 Dec 2029		College Governor	Quality, Curriculum and Standards Audit Business Development New Build Task Group	86%
Andrew Watts	17 Oct 2011 17 Oct 2012 17 Oct 2016 extended term 1 April 2020 14 July 2021 (extended term)	Until 16 Oct 2022	16 Oct 2022	College Governor	Business Development	100%
Susan Wear	23 Oct 2013 23 Oct 2014 23 Oct 2017 1 April 2020 (extended term)	Until 22 Oct 2022	22 Oct 2022	College Governor		0%
Lindsey Whiterod CBE	Oct 2009	Whilst employed as Chief Executive		Chief Executive	Finance & Resources Governance & Search Business Development New Build Task Group	100%
Wendy Starks	19 Apr 2021 19 Apr 2022	Until 18 Apr 2025	24 Nov 2023	College Governor	Quality, Curriculum and Standards Hearing	100%
Gary Hindmarch	1 Aug 2021 1 Aug 2022	Until 31 July 2026		College Governor	Business Development Quality, Curriculum and Standards Finance & Resources	71%
David W Bavaird	4 Jan 2022	Until 3 Jan 2023	31 Jan 2023	College Governor	Finance & Resources	0%

## Tyne Coast College

Clive Johnson	4 Jan 2022	Until 3 Jan 2026		College Governor	Audit New Build Task Group	71%
Neil Henry	1 Aug 2022	Until 31 July 2026		College Governor	Business Development	86%
Surajah Hunter	17 Oct 2022	Until 16 Oct 2026		College Governor	Governance & Search	67%
Alain Reynier	21 Dec 2022	Until 20 Dec 2026		Staff Governor	Governance & Search	100%
Hazel Johnson	13 Nov 2022		1 June 2023	Student Governor		100%
Mark Turnbull	9 Jan 2023	Until 8 Jan 2024		College Governor	Audit	50%
Doug Cole	9 Jan 2023	Until 8 Jan 2024		College Governor	Quality, Curriculum and Standards Appeal Hearing	75%
Martin Alexander	20 July 2023	Until 19 July 2024		College Governor	Quality, Curriculum and Standards Finance & Resources	N/A

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 2022/23 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 2022/23 were Audit, Governance and Search, Finance & Resources, Business Development, Performance Appraisal and Review, and Quality, Curriculum and Standards. Several working/task 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.

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

## **Tyne Coast College**

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 (when up for re-election). Questionnaire responses are forwarded by governors, 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.

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



## **Tyne Coast College**

College is aiming to have an external review during 2023-24. However, 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.

### **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 2023.

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

### **Performance Appraisal and Review Committee**

Throughout the year ended 31 July 2023 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 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 2023 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.

## Tyne Coast College

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.

During 2022/23 the Audit Committee met on three occasions and the attendance of members of the committee is as follows:

	6/12/22	15/02/23	14/06/23
Mark Turnbull	-	✓	✓
Jacqueline Watson	✓	✓	✓
Mark Overton	✓	✓	A
Sheila Alexander	✓	✓	✓
Clive Johnson	✓	✓	✓

Key: A = Apology accepted; ✓ = In attendance; X = absent; - = not in post

### 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 2023 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 2023 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 processes in place for verifications and moderation of courses delivered as part of the Higher Education (HE) Joint Franchise and HE Validation programmes, a few recommendations were made to improve the overall management in line with awarding body requirements across all courses. Recommendations were also made to ensure staff understood College policy requirements and to streamline internal verification and assessment processes.

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

Statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of assets.

### 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 2022/23 and up to the date of the approval of the financial statements are:

- Apprenticeship Funding;
- Health and Safety;
- Student Recruitment;
- Readiness for T-Levels;
- Curriculum Quality;
- Marine School - Programme review Process;
- Higher Education – Assessment and Internal Verification / Moderation of Courses; and
- Follow Up of Previous Internal Audit Management Actions

Recommendations were provided within the internal audit reports for these areas which the College have agreed. For the 12 months ended 31 July 2023, 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 2023 meeting, the Board

## Tyne Coast College

carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

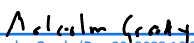
Based on the advice of the Audit Committee and the Chief Executive, the Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “the effective and efficient use of resources, the solvency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

Following reclassification into the public sector, policies, procedures and approval processes have been reviewed and updated to ensure compliance with new requirements, including Managing Public Money (MPM).

The College has implemented systems and processes to ensure that the Department for Education is contacted regarding any transactions that need to be approved.

Financial Regulations have been updated and presented to the Finance Committee for approval.

**Approved by order of the members of the Board on 19 December 2023 and signed on its behalf by:**

  
Malcolm Grady (Dec 20, 2023 10:26 GMT)

.....  
**M Grady**  
**Chair**

  
L Whiterod (Dec 20, 2023 10:54 GMT)

.....  
**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 framework of authorities governing regularity, propriety and compliance, and 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 within the framework of authorities and the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.


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

  
L Whiterod (Dec 20, 2023 10:54 GMT)

.....  
**L. Whiterod CBE**  
**Chief Executive & Accounting Officer**  
**19 December 2023**

### 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.

  
Malcolm Grady (Dec 20, 2023 16:26 GMT)

.....  
**M Grady**  
**Chair of Governors**  
**19 December 2023**

## Tyne Coast College

### 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 including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bit size guides. 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

**Tyne Coast College**

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.

**Approved by order of the members of the corporation on 19 December 2023 and signed on its behalf by:**

  
Malcolm Grady (Dec 20, 2023 16:26 GMT)

.....  
**M Grady**  
**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 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 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.

## **Tyne Coast College**

### **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 Corporation set out on page 30, 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.

## **Tyne Coast College**

### **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, HM Treasury's "Managing public money".

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-

## Tyne Coast College

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](http://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.

### 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

## Tyne Coast College

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 21, 2023 11:20 GMT)

Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

Date Dec 21, 2023

## **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 7 July 2023 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 2022 to 31 July 2023 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 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 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 the Code 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 2022 to 31 July 2023 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.

## Tyne Coast College

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- 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.
- Reviewed the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

### 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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

Signed:   
David Hoose (Dec 21, 2023 11:20 GMT)

Mazars LLP

Date: Dec 21, 2023

## Tyne Coast College

### Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
<b>INCOME</b>			
Funding body grants	2	21,581	21,204
Tuition fees and education contracts	3	14,885	12,946
Other income	4	2,964	2,054
Investment income	5	81	33
		<b>39,511</b>	<b>36,237</b>
<b>EXPENDITURE</b>			
Staff costs	6	25,407	24,857
Restructuring costs	6	113	11
Other operating expenses	7	14,138	11,484
Depreciation	10	3,044	2,767
Interest and other finance costs	8	90	577
		<b>42,792</b>	<b>39,696</b>
		<b>(3,281)</b>	<b>(3,459)</b>
Analysed as:			
<b>Operating deficit after exceptional items</b>		<b>(3,281)</b>	<b>(3,459)</b>
LGPS actuarial pension adjustment	22	610	2,000
LGPS pension finance costs	8	(20)	520
Movement in holiday pay accrual	12	98	52
Capital Grants released in year	2, 4	(542)	(497)
Depreciation charge for the year	10	3,044	2,767
Interest received in year	5	(81)	(33)
Interest paid in year	8	110	57
<b>Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation - Education Specific</b>		<b>(62)</b>	<b>1,407</b>
<b>Deficit for the year</b>		<b>(3,281)</b>	<b>(3,459)</b>
Actuarial loss in respect of Local Government Pension Scheme	22	760	33,330
Actuarial loss in respect of EPP	15	27	159
		<b>(2,494)</b>	<b>30,030</b>

All items of income and expenditure relate to continuing activities.



## Tyne Coast College

### Statement of Changes in Reserves


	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>College</b>			
<b>Balance at 1st August 2021</b>	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 loss on enhanced pension scheme	159	-	159
Transfers between revaluation and income and expenditure reserves	84	(84)	-
<b>Total comprehensive income for the year</b>	<b>30,114</b>	<b>(84)</b>	<b>30,030</b>
<b>Balance at 31st July 2022</b>	<b>38,300</b>	<b>6,320</b>	<b>44,620</b>
Deficit from the income and expenditure account	(3,281)	-	(3,281)
Other comprehensive income	760	-	760
Actuarial gain on enhanced pension scheme	27	-	27
Transfers between revaluation and income and expenditure reserves	83	(83)	-
<b>Total comprehensive income for the year</b>	<b>(2,411)</b>	<b>(83)</b>	<b>(2,494)</b>
<b>Balance at 31st July 2023</b>	<b>35,889</b>	<b>6,237</b>	<b>42,126</b>

## Tyne Coast College

### Balance sheet as at 31 July 2023

	Notes	2023 £'000	2022 £'000
<b>Non current assets</b>			
Tangible fixed assets	10	52,299	51,014
Heritage assets	10	324	324
		<b>52,623</b>	<b>51,338</b>
<b>Current assets</b>			
Trade and other receivables	11	7,386	3,558
Cash and cash equivalents	16	3,736	8,207
		<b>11,122</b>	<b>11,765</b>
<b>Creditors – amounts falling due within one year</b>	12	(10,907)	(9,583)
		<b>215</b>	<b>2,182</b>
<b>Net current assets</b>			
		<b>52,838</b>	<b>53,520</b>
<b>Total assets less current liabilities</b>			
Creditors – amounts falling due after more than one year	13	(9,839)	(7,756)
<b>Provisions</b>			
Defined benefit obligations	15	-	(170)
Other provisions	15	(873)	(974)
		<b>42,126</b>	<b>44,620</b>
<b>Total net assets</b>			
		<b>42,126</b>	<b>44,620</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		35,889	38,300
Revaluation reserve		6,237	6,320
		<b>42,126</b>	<b>44,620</b>
<b>Total unrestricted reserves</b>			
		<b>42,126</b>	<b>44,620</b>

The financial statements on pages 39 to 64 were approved and authorised for issue by the Corporation on 19 December 2023 and were signed on its behalf on that date by:

  
Malcolm Grady (Dec 20, 2023 10:26 GMT)

**M Grady**  
**Chair**

  
L Whiterod (Dec 20, 2023 10:54 GMT)

**Dr L Whiterod CBE**  
**Accounting Officer**

## Tyne Coast College

### Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
<b>Cash inflows from operating activities</b>			
Deficit for the year		(3,281)	(3,459)
<b>Adjustment for non cash items:</b>			
Depreciation	10	3,044	2,767
(Increase) / Decrease in debtors	11	(3,828)	828
Increase in creditors due within one year	12	1,324	726
(Decrease) in creditors due after one year	13	(948)	(521)
(Decrease) in provisions	15	(74)	(82)
Pensions costs less contributions payable	22	590	2,520
<b>Adjustment for investing or financing activities:</b>			
Investment income	5	(81)	(33)
Interest payable	8	110	57
		<u>(3,144)</u>	<u>2,803</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Investment income	5	81	33
Government capital grants received	13	3,371	116
Payments made to acquire fixed assets	10	(4,329)	(1,635)
		<u>(877)</u>	<u>(1,486)</u>
<b>Cash flows from financing activities</b>			
Interest paid	8	(110)	(57)
Repayments of amounts borrowed	13	(340)	(339)
		<u>(450)</u>	<u>(396)</u>
<b>Increase in cash and cash equivalents in the year</b>			
		<u>(4,471)</u>	<u>921</u>
Cash and cash equivalents at beginning of the year	16	8,207	7,286
Cash and cash equivalents at end of the year	16	3,736	8,207

# Tyne Coast College

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

### 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 2022 to 2023* 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 £1.7M loan outstanding 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) not less than £13,000,000 at any time, however the funder 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 operational performance may compromise its ability to achieve all existing loan covenants in the short to medium term; however the College is making pro-active decisions to improve its financial performance. The loan covenants performance is monitored throughout the year, with the College's banking relationship manager receiving updates throughout the year.

The College has prepared financial and cash flow forecasts up to July 2025 which show it has sufficient resources to meet its operational liabilities as they fall due.

Accordingly, the College's financial improvement plan will ensure that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

## Tyne Coast College

### 1. Statement of principal accounting policies (continued)

#### Recognition of Income

##### *Revenue Grant Funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depends 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.

## Tyne Coast College

### 1. Statement of principal accounting policies (continued)

#### *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 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 is currently in the process of developing a revaluation policy.

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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, that 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.
- The 2023 LGPS pension fund report demonstrated a scheme asset of £8,350,000. The College has chosen to not recognise any asset in the balance sheet due to the inaccessible nature of this asset and in accordance with advice from its external auditors.

#### *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 2022 to value the pensions liability at 31 July 2023. 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 2023 £'000	Year ended 31 July 2022 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - Adult	2,334	2,341
Devolved - Adult (North of Tyne Combined Authority)	1,703	1,389
Education and Skills Funding Agency - 16-18	14,467	14,233
Education and Skills Funding Agency - 14-16	258	1,034
Office for Students	866	733
<b>Specific Grants</b>		
Education and Skills Funding Agency - 16-18	627	515
Teachers' Pension Scheme Contribution Grant	645	614
Releases of government capital grants	247	247
Releases of government revenue grants	326	-
Release of HE capital Grant	108	98
<b>Total</b>	<b>21,581</b>	<b>21,204</b>

#### 3 Tuition fees and education contracts

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Adult education fees	3,659	3,866
Fees for FE loan supported courses	1,720	2,197
Fees for HE loan supported courses	4,647	2,530
International students fees	3,357	2,324
Total tuition fees	13,383	10,917
Education contracts	1,502	2,029
<b>Total</b>	<b>14,885</b>	<b>12,946</b>

		2023 £'000	2022 £'000
<b>Sources of Office for Students grant and fee income Note</b>			
Grant Income from Office for Students	2	974	831
Grant income from other bodies	2	20,607	20,373
Fee income for taught awards	3	4,647	2,530
Fee income for non-qualifying courses	3	10,238	10,416
<b>Total grant and fee income</b>		<b>36,466</b>	<b>34,150</b>

## Tyne Coast College

### Notes to the Accounts (continued)

#### 4 Other income

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Catering and residences	653	603
Other income generating activities	98	72
Non funding body government capital grants	187	152
Miscellaneous income	2,026	1,227
	<b>2,964</b>	<b>2,054</b>
<b>Total</b>	<b>2,964</b>	<b>2,054</b>

#### 5 Investment income

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Other investment income	81	33
	<b>81</b>	<b>33</b>
<b>Total</b>	<b>81</b>	<b>33</b>

## 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:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	237	234
Non teaching staff	308	300
	<b>545</b>	<b>534</b>

#### Staff costs for the above persons

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	17,293	15,428
Social security costs	1,694	1,489
Other pension costs (note 22)	4,076	5,084
<b>Payroll sub total</b>	<b>23,063</b>	<b>22,001</b>
Contracted out staffing services	2,344	2,856
	<b>25,407</b>	<b>24,857</b>
Restructuring costs - contractual	113	11
	<b>25,520</b>	<b>24,868</b>

The college paid 4 severance payments in the year, disclosed in the following bands:

£0 to £25,000	4
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The college paid a total of £25,765 in severance payments during 2023. Included in Restructuring Costs total is a provision for future severance payments of £87,152

The College currently operates two 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 is currently 1 member of staff in the Tyne Coast scheme and 2 members 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 2 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 2023 figures is a £610,000 (2022: £2,000,000) LGPS pension charge relating to the July 2023 scheme valuation. This charge has arisen due to the insolvency regime, a reduced discount rate included in the scheme valuation and the McCloud judgement which have both adversely affected the value of the pension scheme liability.

## Tyne Coast College

### Notes to the Accounts (continued)

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, 2 Principals and 1 Director. Staff costs include compensation paid to key management personnel for loss of office.

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	5	6

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:

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£15,001 to £20,000	1	-	-	-
£55,001 to £60,000	1	1	-	-
£60,001 to £65,000	-	-	5	2
£65,001 to £70,000	-	-	3	2
£70,001 to £75,000	-	1	1	2
£75,001 to £80,000	-	1	2	-
£80,001 to £85,000	-	-	-	1
£85,001 to £90,000	-	1	-	-
£90,001 to £95,000	1	-	-	-
£105,001 to £110,000	1	-	-	-
£115,001 to £120,000	-	1	-	-
£125,001 to £130,000	1	-	-	1
£150,001 to £155,000	-	-	-	1
£195,001 to £200,000	-	-	-	-
£235,001 to £240,000	-	1	1	-
£245,001 to £250,000	1	-	-	-
	<b>6</b>	<b>6</b>	<b>12</b>	<b>9</b>

With reference to the above annual emoluments analysis, the key management member in the £55,001 to £60,000 band left the College during this financial year and was replaced in the interim by the member in the £15,001 to £20,000 band. The grossed up full time equivalent emoluments for these 2 members would fall within the £55,001 to £60,000 and £100,001 to £105,000 bands respectively.

Key management personnel emoluments are made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	651	647
Benefits in kind	2	3
	<b>653</b>	<b>650</b>
Pension contributions	93	80
<b>Total key management personnel</b>	<b>746</b>	<b>730</b>

## Tyne Coast College

### Notes to the Accounts (continued)

#### 6 Staff costs (continued)

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:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	249	237
Benefits in kind	-	-
	249	237
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 £48,000 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 Resources Committee of the Board who use benchmarking information to provide objective guidance. The Chief Executive reports to the Performance Appraisal and Review Sub-Committee, which undertakes an annual review of her performance against her key strategic objectives.

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

	<b>2023</b>	<b>2022</b>
Chief Executive's basic salary as a multiple of the median of all staff	8.24	8.65
Chief Executive's total remuneration as a multiple of the median of all staff	6.84	6.92

#### **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.

No severance payments to key personnel were made in the year (2022: £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.

## Tyne Coast College

### Notes to the Accounts (continued)

#### 7 Other operating expenses

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	6,560	5,336
Non teaching costs	4,351	3,609
Premises costs	2,742	2,539
Costs written-off re cancelled capital project (See note 2)	485	0
<b>Total</b>	<b><u>14,138</u></b>	<b><u>11,484</u></b>

#### Other operating expenses include:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	57	51
Internal audit	37	34
Other services provided by the internal auditors	24	7
Hire of assets under operating leases	762	746

#### 8 Interest and other finance costs

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
On bank loan	110	57
Pension finance costs (note 22)	(20)	520
<b>Total</b>	<b><u>90</u></b>	<b><u>577</u></b>

#### 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
<b>Cost or deemed cost</b>			
At 1 August 2022	77,605	14,775	92,380
Additions	3,159	1,170	4,329
<b>At 31 July 2023</b>	<b>80,764</b>	<b>15,945</b>	<b>96,709</b>
<b>Depreciation</b>			
At 1 August 2022	30,895	10,471	41,366
Charge for the year	1,814	1,230	3,044
Elimination in respect of disposals	-	-	-
<b>At 31 July 2023</b>	<b>32,709</b>	<b>11,701</b>	<b>44,410</b>
<b>Net book value at 31 July 2023</b>	<b>48,055</b>	<b>4,244</b>	<b>52,299</b>
Net book value at 31 July 2022	46,710	4,304	51,014

#### 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.

	£'000
Cost or valuation	
1 August 2022	324
31 July 2023	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.

#### 11 Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	2,344	1,826
Prepayments and accrued income	5,042	1,732
<b>Total</b>	<b>7,386</b>	<b>3,558</b>

## Tyne Coast College

### Notes to the Accounts (continued)

#### 12 Creditors: amounts falling due within one year

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	340	340
Trade creditors	855	1,021
Payments received in advance	3,665	3,559
Holiday pay accrual	829	731
Other taxation and social security	649	484
Accruals and deferred income	3,251	2,474
Deferred income - government capital grants	559	480
Amounts owed to the Education and Skills Funding Agency	759	494
<b>Total</b>	<b>10,907</b>	<b>9,583</b>

#### 13 Creditors: amounts falling due after one year

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	1,358	1,698
Deferred income - government capital grants	8,481	6,058
<b>Total</b>	<b>9,839</b>	<b>7,756</b>

#### 14 Maturity of debt

##### Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	340	340
Between one and two years	340	340
Between two and five years	1,018	1,019
In five years or more	-	339
<b>Total</b>	<b>1,698</b>	<b>2,038</b>

The College has 5 years remaining on a 10 year loan, 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 2023, the outstanding loan balance is £1,698,000

## Tyne Coast College

### Notes to the Accounts (continued)

#### 15 Provisions

	Defined benefit obligations £'000	Enhanced Pensions £'000	Total £'000
At 1 August 2022	170	974	1,144
Expenditure in the year	(1,370)	(108)	(1,478)
Charge in the year	1,200	34	1,234
Enhanced Pension Provision actuarial gain in year	-	(27)	(27)
<b>At 31 July 2023</b>	<b>-</b>	<b>873</b>	<b>873</b>

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:

	2023	2022
Price inflation	2.60%	2.60%
Interest rate	5.00%	3.50%

#### 16 Analysis of changes in net debt

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Cash and cash equivalents	8,207	(4,471)	3,736
Bank Loans - long term	(2,038)	340	(1,698)
<b>Total</b>	<b>6,169</b>	<b>(4,131)</b>	<b>2,038</b>

#### 17 Capital commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	-	-

No capital commitments have been recognised as the college is still to receive tender prices for the construction of the new South Tyneside College campus.

## Tyne Coast College

### Notes to the Accounts (continued)

#### 18 Financial instruments

	2023 £'000	2022 £'000
<i>Financial assets measured at amortised cost</i>		
Trade debtors	2,344	1,826
	<b>2,344</b>	<b>1,826</b>
	2023 £'000	2022 £'000
<i>Financial liabilities measured at amortised cost</i>		
Bank loan	1,698	2,038
Trade creditors	855	1,021
Amounts owed to the Education and Skills Funding Agency	759	494
	<b>3,312</b>	<b>3,553</b>

#### 19 Lease Obligations

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

	2023 £'000	2022 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	3	3
Later than one year and not later than five years	11	11
later than five years	59	61
	<b>73</b>	<b>75</b>
<b>Other</b>		
Not later than one year	715	725
Later than one year and not later than five years	1,689	2,043
	<b>2,404</b>	<b>2,768</b>

#### 20 Contingent liabilities

The college had no Contingent liabilities as at 31st July 2023

#### 21 Events after the reporting period

In November 2023, the college decided to cancel its project to relocate its Tyne Metropolitan campus delivery to a new site on the Cobalt Business Park in North Tyneside.

# Tyne Coast College

## Notes to the Accounts (continued)

### 22 Defined benefit obligations

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

<b>Total pension cost for the year</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teachers' Pension Scheme: contributions paid	2,019	1,739
Local Government Pension Scheme:		
Contributions paid	1,401	1,315
FRS 102 (28) charge	610	2,000
Charge to the Statement of Comprehensive Income	2,011	3,315
Enhanced pension gain to Statement of Comprehensive Income	34	19
<b>Total Pension Cost for Year within staff costs</b>	<b>4,064</b>	<b>5,073</b>

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 2022.

Contributions amounting to £485,000 (2022: £385,000) 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 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion.

As a result of the valuation, new employer contribution rates were set at 28.6% of pensionable pay from April 2024 onwards (compared to 23.68% during 2022/23). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2023/24 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 £2,019,000 (2022: £1,739,000)

## Tyne Coast College

### Notes to the Accounts (continued)

#### 22 Defined benefit obligations (continued)

##### *FRS 102 (28)*

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

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.

##### **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 2023 was £2,019,185, of which employer's contributions totalled £1,400,821 and employees' contributions totalled £484,919. The agreed contribution rates for future years are 19.9% 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 2022 updated to 31 July 2023 by a qualified independent actuary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 by a qualified independent actuary.

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
Rate of increase in salaries	4.10%	4.10%
Future pensions increases	2.60%	2.60%
Discount rate for scheme liabilities	5.00%	3.50%
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

	<b>At 31 July 2023 years</b>	<b>At 31 July 2022 years</b>
<i>Retiring today</i>		
Males	21.00	21.80
Females	24.10	25.00
<i>Retiring in 20 years</i>		
Males	22.20	23.50
Females	25.50	26.70

## Tyne Coast College

### Notes to the Accounts (continued)

#### 22 Defined benefit obligations (continued)

##### Local Government Pension Scheme (continued)

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

	Asset allocation at 31 July 2023	Fair Value at 31 July 2023	Asset allocation at 31 July 2022	Fair Value at 31 July 2022
		£'000		£'000
Equities	51.10%	35,350	53.80%	37,187
Government Bonds	1.30%	900	1.60%	1,106
Corporate Bonds	18.80%	13,010	18.60%	12,856
Multi-Asset Credit	4.60%	3,180	4.40%	3,041
Property	10.30%	7,130	11.10%	7,672
Cash	1.70%	1,180	1.80%	1,244
Other	12.20%	8,440	8.70%	6,014
<b>Total market value of assets</b>		<b><u>69,190</u></b>		<b><u>69,120</u></b>
<b>Actual gain on plan assets</b>		<b><u>640</u></b>		<b><u>820</u></b>

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

	2023 £'000	2022 £'000
Fair value of plan assets	69,190	69,120
Unrecognised Asset	(8,350)	-
Present value of plan liabilities	<u>(60,840)</u>	<u>(69,290)</u>
<b>Net pensions asset (Note 15)</b>	<b><u>-</u></b>	<b><u>(170)</u></b>

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

	2023 £'000	2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	(1,980)	(3,300)
Past service cost	-	(40)
<b>Total</b>	<b><u>(1,980)</u></b>	<b><u>(3,340)</u></b>
<b>Amounts included in interest expense</b>		
Net interest on defined benefit liability (note 8)	<u>(20)</u>	<u>520</u>
<b>Total</b>	<b><u>(20)</u></b>	<b><u>520</u></b>
<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension plan assets	(1,770)	(340)
Experience gains arising on defined benefit obligations	2,530	33,670
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>760</u></b>	<b><u>33,330</u></b>

## Tyne Coast College

### Notes to the Accounts (continued)

#### 22 Defined benefit obligations (continued)

##### Local Government Pension Scheme (Continued)

##### Movements in net defined benefit liability during the year

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(170)	(30,980)
Movement in year:		
Current service cost	(1,980)	(3,300)
Employer contributions	1,370	1,340
Past service cost	-	(40)
Net interest on the defined pension liability	20	(520)
Remeasurement gains on plan assets	(1,770)	(340)
Actuarial gain	10,880	33,670
Unrecognised Asset	(8,350)	-
<b>Net defined benefit asset/liability at 31 July</b>	<b>-</b>	<b>(170)</b>

##### Asset and Liability Reconciliation

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Movements in present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	(69,290)	(99,490)
Current Service cost	(1,980)	(3,300)
Interest expense on defined benefit obligation	(2,390)	(1,680)
Contributions by participants	(410)	(390)
Actuarial gain on liabilities	10,880	33,670
Net benefits paid out	2,350	1,940
Past Service cost	-	(40)
<b>Defined benefit obligations at end of period</b>	<b>(60,840)</b>	<b>(69,290)</b>

##### Movements in fair value of plan assets

<b>Fair value of plan assets at start of period</b>	69,120	68,510
Income on assets	2,410	1,160
Remeasurement (loss) / gain on plan assets	(1,770)	(340)
Contributions by the employer	1,370	1,340
Contributions by participants	410	390
Net benefits paid out	(2,350)	(1,940)
	-	-
<b>Assets at end of period</b>	<b>69,190</b>	<b>69,120</b>



# 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.

£844 expenses were paid to or on behalf of 2 governors during the year (2022: £1,585).

No Governor has received any remuneration or waived payments from the College during the year (2022: 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 £90,988 (2022: £43,010), with no outstanding balance at the year end.

#### **Groundwork South Tyneside and Newcastle - a company in which A Watts (a governor of the college until October 22) is Executive Director.**

Purchase transactions in the year amounted to £0 (2022: £660), with no balance outstanding at the year end.

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

In 2023, the college provided Tyne Coast Academy Trust with £794,721 (2022: £696,955) of corporate, financial, governance and consultancy support services as its sponsor, with a £241,895 balances outstanding at the year end (2022: £231,055). Purchase transactions in the year amounted to £76,870 (2022: £500), with no outstanding balance at the year end (2022: £nil).

### 24 Amounts disbursed as agent

#### **Learner support funds**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – bursary support	688	728
Funding body grants – residential bursaries	32	17
	<u>720</u>	<u>745</u>
Disbursed to students	(712)	(695)
Administration costs	(37)	(35)
	<u>(29)</u>	<u>15</u>
Balance overspent as at 31 July, included in clawback provision		

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.