



**Middlesbrough**  
**College**

**Report and Financial Statements**  
**for the year ended 31 July 2023**

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

### **Key management personnel**

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

Zoe A Lewis, Principal and CEO; Accounting Officer  
Gary Cumiskey, Deputy Principal / CEO (Resigned 31/7/2022)  
Ben Robinson, Deputy Principal / CEO (Appointed 1/8/2022)  
Mike Russell, Vice Principal Finance and Registry  
John Chance, Vice Principal Quality and Standards (Resigned 21/10/22)  
Oliver Rodley, Vice Principal Quality and Standards (Appointed 22/10/22)  
Aimey Adamson, Vice Principal Students and Communications  
Sara Marshall, Group Director of Campus and Digital Services  
Kelly Parkinson, Executive Director of Human Resources

### **Board of Governors**

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

Zeta Foster acted as Clerk to the Corporation for the period to 31 July 2023.

### **Professional advisers**

#### **Financial statements and regularity auditor:**

Mazars LLP  
The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

#### **Internal Auditor:**

RSM Risk Assurance Services LLP  
1 St. James Gate  
Newcastle Upon Tyne  
NE1 4AD

#### **Bankers:**

Santander Bank  
Corporate Banking  
Level 9 Baltic Place  
South Shore Road  
Gateshead  
NE8 3AE

#### **Legal advisers:**

Womble Bond Dickinson (UK) LLP  
St Ann's Wharf  
112 Quayside  
Newcastle Upon Tyne  
NE1 3DX

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## **Principal's Foreword**

The academic year 2022-23 saw the college continue to respond to the legacy of the pandemic, including recovering lost learning, adapting our response to new student attendance and behaviour challenges and responding proactively to a tight and competitive staff labour market.

Our focus for the year was rightly in ensuring that student and staff wellbeing was cared for, and that our students were supported in every way to feel confident about their next steps when they leave us. This, alongside expanding our support for teachers' personal and professional development through our Taking Teaching Higher Strategy were and continue to be key priorities for the college as we move forward.

Strategically, the college continues to forge strong partnerships with employers and stakeholders to support inward investors and local skills priorities. We determinedly lead on the implementation of the government's skills for jobs agenda through strategic investment and development plans which are ongoing such as:

- A significant expansion of **STEM** facilities (2015) and subjects such that now two thirds of our school leavers are studying in 'priority' sectors rising from one quarter in 2008.
- The acquisition of a respected apprenticeship training company (NECC training) covering complementary sectors and a wider geographic reach across the North East of England – creating **Northern Skills** the apprenticeship and training arm of the college. (2016)
- Forming part of the **North East Institute of Technology** collaboration (2019) to further the development and take up of higher technical qualifications
- Utilising **devolved flexibilities** to develop new and improved **bespoke employer led provision** (BELPs) through our new adult and community learning centre (2019)
- Transferring a strategically important specialist engineering training provider from administration into the group (being adjacent to a new Freeport) **TTE** (2020)
- Delivering **T levels** from 2021
- Collaborating with local providers to support inward investors as part of the **Teesworks Skills Academy** consortium (2021)
- Working in partnership with our employer representative body (ERB) the North East Chamber of Commerce (NEECC) to develop the Tees Valley Local Skills Improvement Plan **LSIP** and deliver changes through an associated **Strategic Development Fund** projects (SDF) (2021-22) and Local Skills Improvement Fund (2023)
- Developing **Skills Bootcamps** and **Higher technical qualifications** to meet local needs (2022).
- Delivering an ambitious **digital strategy** to eradicate digital poverty and improve employability including MC Click personal devices for all full-time students.
- Developing an ambitious £14m development plan to relocate **TTE** from its current aged leased site in South Bank to our main campus by 2024.
- Preparing to deliver a £6m Levelling up Partnerships Fund (LUP) to secure the future of our adult learning through acquisition of a new **Adult Learning Centre** planned for 2023/24,

In spite of such an extensive and ongoing strategic investment plan, we are delighted to have achieved a 'Good financial health' rating in 2022/2023. As well as good financial performance, the college once again returned good student outcomes, good staff, employer and student satisfaction ratings, and perhaps most importantly excellent positive destinations for our students.

Despite the difficult and uncertain economic climate, the College is confident that, working with our local partners, we can serve employers with the highly skilled talent that they need and play an increasingly important and exciting part regenerating our local and regional economy.

We would like to congratulate and thank our students, staff and governors for what has been another highly successful and rewarding year for the College.

A handwritten signature in dark ink, appearing to read 'Zoe', with a wavy line extending to the right.

**Zoe Lewis**  
**Principal / Chief Executive**  
**18 December 2023**

## NATURE, OBJECTIVES AND STRATEGIES

The Members present their report and the audited financial statements for the year ended 31 July 2023.

### Legal status

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

The College owns 100% of the issued share capital of the following subsidiaries which exist to support the College's principal mission and objectives:

- **Northern Skills Group Business Services Limited** (formerly known as Northern Skills Group Limited), was acquired on 1 August 2016 and provides business support services to Middlesbrough College.
- **Northern Apprenticeship Company Limited** operates as an apprenticeship training agency employing apprentices engaged on a training programme with a major local organisation.
- **TTE (Technical) UK Limited** was acquired in December 2019 and offers study programme, apprenticeships and commercial training courses locally from its base in Middlesbrough.
- **TTE International Limited** was acquired in December 2019 and offers commercial training courses mainly to large overseas global organisations from its base in Middlesbrough.
- **TTE Apprenticeships Limited** was acquired in December 2019 and operates as an apprenticeship training agency employing apprentices engaged on training programmes with large local organisations.
- **Middlesbrough College Management Services Limited (dormant)** - The company was incorporated in 1993.
- **University Centre Middlesbrough Limited (dormant)** - University Centre Middlesbrough Limited (formerly known as Mizaru Media Limited) was incorporated in 2011.

### Mission

The College's Mission Statement for 2022 / 2023 was "To provide education and skills that enhance the region's economic & social prosperity".

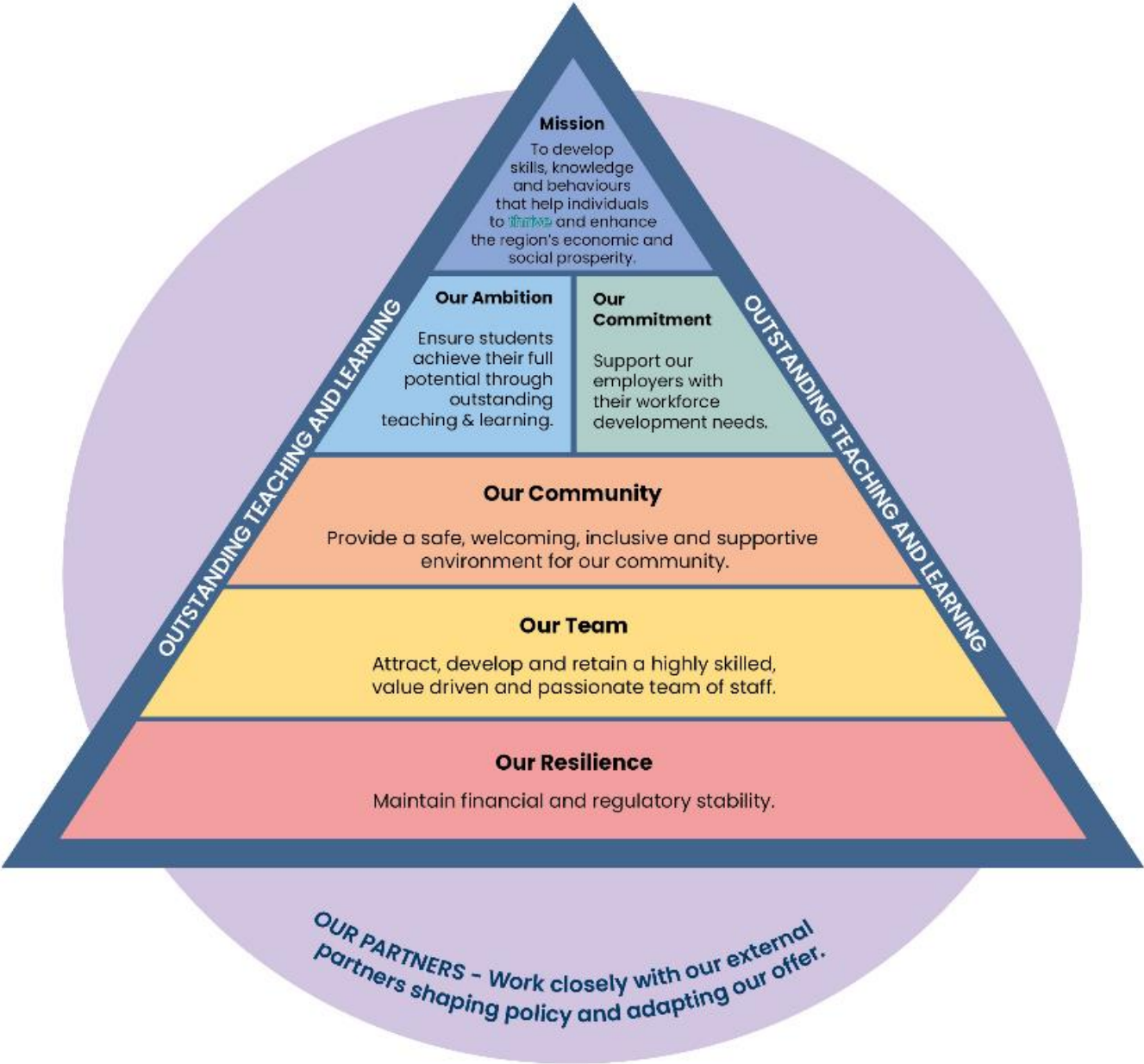
### Strategic Aims and Priorities

The Governing Body and Senior Leadership Team refreshed the College's strategic plan during 2023, which builds upon our recent success and sets out our statement of ambition for the period 2023-2025.

The updated Strategic Plan highlights that the College's core priorities remain the same ensuring that the needs of the local economy are met and that all students gain the skills they need to progress into further education and ultimately employment. However, the updates to the strategy recognise that our courses and collaborations continue to evolve, strengthen, and adapt in light of unparalleled generational, political, economic and technological change.

**Our Vision**

To be an outstanding provider of education and training, which improves educational outcomes, employment prospects and lifetime opportunities for our students.



## ***Our Values***

The College values set out the behaviour expected of both staff and students and are very much at the heart of delivery of the College strategy. These values have been developed in consultation with staff and students and represent both who we are now and how we aim to be perceived by others.



Within the Strategic Priority “Organisational Resilience” the College has set its overarching Financial Objective

**“To maintain financial and regulatory stability”.**

In order to deliver this objective, we will:

- Ensure strong financial stability and meet bank covenants and ESFA health ratings at all times
- Continue our campus and digital investment plans to maintain an outstanding, state of the art learning environment – across all sites
- Ensure our College operates to the highest standards of health and safety
- Strive to become net zero by 2030 and promote sustainability in all we do.
- Open our facilities for community and charity use on a not for profit basis
- Provide a forum which regularly assesses, monitors and manages risk
- Ensure adequate arrangements are in place to safeguard our data and reputation and to ensure continuity of our business
- Ensure our governing body maintains a broad range of skills and experience, able to set and review our strategic plan with objectivity and ‘value driven’ decision making and provide appropriate levels of challenge and support to ensure its delivery.

The College monitors its performance against the strategic plan and its achievement of the strategic priorities and the **financial performance indicators** by which the College determines its success in achieving this are:

- Achieve at least “Good” rating in ESFA financial health measure.
- Continue to meet all bank covenants providing sufficient headroom.
- Set and deliver surplus operating budgets.



- Generate cash from operations with an EBITDA target of £3m.
- Maintain capital investment levels at £2m.

The College also monitors its financial health against a number of key benchmarks which are:

- Current ratio maintained >1
- EBITDA as % of income >7%
- Borrowings as % of income <35%

The benchmarks provide a safety net and early warning system for any one ratio reducing below the minimum targeted level in order to maintain the financial health rating of Good.

Due to some more challenging trading conditions than anticipated, financial benchmarks linked to earnings and profitability have fallen below benchmarks as illustrated below:

Financial objective / benchmark	31 July 2023 Actual
“Good” financial health	220 Points - Good
Meet bank covenants	All met
Operating surplus set and delivered	(685)
EBITDA >=£3m	2,751
Annual capital >= £2m	8,694
Current ratio >1	1.62
EBITDA >7%	5.4%
Borrowings to income <35%	19.9%

The target EBITDA percentage was missed by 1.6 percentage points in year. This is attributed to the ongoing impacts of unprecedented cost inflation in recent years in particular in relation to energy costs as well as market driven reductions in income compared to budget in some key income streams. In particular apprenticeship delivery which fell £0.7m below budget in the year (1.3% of Income) following an unanticipated year on year drop in demand which was experienced across the North-East in college apprenticeship delivery.

These operating pressures alongside a 4.75 percentage point increase in the Bank of England base rate across the year, (which caused the Colleges net bank interest cost to increase by £0.3m year on year) also drove the reported operating deficit of £0.7m in the year.

Despite these performance pressures the College has managed to maintain a “good” financial health grading.

### Strategic Capital Investments

The College has continued to invest in its campus and equipment over the year investing £8.2m in the year. Around £2m of the College’s expenditure is self-funded relating to ongoing replacement and refresh of equipment and campus facilities, including an ongoing commitment to “MC Click” student devices which ensure that all full-time study programme learners have access to a mobile digital device to use in support of their studies.

The remainder of the expenditure has been developmental supporting further growth and improvements in the Colleges offer for students, this includes.

- **T- Level Specialist equipment allocation £1.7m** – Funding was provided by DfE and was used to purchase specialist equipment needed to deliver the new T- level strands in Engineering & Manufacturing and Business & Administration.
- **Strategic development fund projects - £0.4m** – This funding was provided by DfE to support a project in partnership with Redcar and Cleveland College. Specialist equipment was purchased to facilitate newly developed courses in welding and electric vehicle maintenance.
- **TTE relocation project £3.6m** – During the year, the College began delivery of an ambitious £14.6m project to relocate its TTE engineering training centre from ageing off site premises to a new state of the art centre on its Middlehaven campus. This project continues and is expected to be complete in time for the start of the 2024/25 academic year.

## Key Performance Measures

The college utilises a comprehensive set of performance metrics across both curriculum and business support departments, which are aligned with our strategic objectives. These metrics undergo regular assessment and review, with termly reports disseminated to the Governing Body and its sub-committees.

Outcomes for learners have consistently maintained a high standard. Learners report satisfaction across all types of educational offerings, attesting to the delivery of quality education. Learners are well-prepared for the next steps, with a majority transitioning to further or higher education, employment, or training in line with their career aspirations.

Educational programmes for young people build upon prior achievements, effectively preparing them for future studies or employment. Notably, there is robust participation in regional and national skills competitions, where a substantial number of our students participate, further enriching their skills, behaviours, and employability.

The majority of learners proceed to sustained education, employment, training, or apprenticeships, contributing significantly to the reduction of youth unemployment rates. When specifically considering leavers, excluding those internally progressing within young people's education programmes, positive destinations are 86.6%. Teachers play a pivotal role in preparing learners for higher levels of study. This year saw a significant increase in the number of A-level students successfully securing admission to their first-choice university.

Apprenticeships exhibit exceptionally high rates of sustained destinations, with 97% remaining in employment or training. Employers express a high level of satisfaction (98%) with the apprenticeship provision, underscoring the development of valuable workplace skills.

Despite the challenges posed by COVID, specifically around inflated grade profiles and knowledge/ skills gaps, achievement outcomes for learners have remained positive. Performance among 16-18-year-olds exceeds national rates, with GCSE and Functional Skills learners making good progress toward their targets. Adult achievement rates have seen significant improvement. Apprentices demonstrate achievements well above the national average. Retention and pass rates in higher education provision are commendable, with opportunities for re-study or module re-taking where applicable.

Importantly, our commitment to equality and diversity is evident, with no significant gaps in achievement rates observed across age, gender, disability, ethnicity, or socioeconomic status.

## The Students' Voice

The College has continued with its commitment to ensuring that the student voice is at the heart of its decision-making process.

- Freshers Fest 22 was held over 3 days, 13-15<sup>th</sup> September 2022. We welcomed various guests including Brook and Cleveland Police, with a range of entertainment, interactive games, information and awareness raising for students.
- We held a successful student leader conference offsite with a variety of internal and external speakers and activities aimed at developing leadership skills for Middlesbrough College class reps and directorate reps.
- Class and Directorate Representatives were elected and appointed in October. 4 Cross College Council Meetings took place to ensure that all student voice feedback is tracked and capital expenditure assigned to the areas requiring the most resource or change.
- The College has recruited 13+ Ambassadors to support cross college events and represent the student body.
- Two Student Governors and one deputy were appointed for 2022/23.
- We have welcomed Brook, Cleveland Police and Cleveland Fire service in for awareness raising and information talks about sexual health, knife crime, drugs and alcohol safety and road safety.
- The Enrichment offer launched September 22 and to date has had over 6696 attendances to the range of enrichment activities offered.

## **RESOURCES**

The Group has various resources that it can deploy in pursuit of its strategic objectives and delivers its educational services from its Middlehaven campus, premises in South Bank, Middlesbrough (via TTE) and satellite locations in Newcastle and other north east towns.

### **Financial**

At 31 July 2023 the Group had £31.1m of net assets (31 July 2022: net assets of £28.4m), cash at bank of £3.8m (31 July 2022: £5.2m), loan balances of £10.0m (2022: £10.7m) and no defined benefit pension liability (31 July 2022: £3.2m). The movement in the recognised valuation of the Colleges defined benefit pension liability is the key driver in the increase in reported net assets between 2022 and 2023.

The Group has generated cash from operations during the year which has been utilised towards capital investment projects and reducing debt. Overall cash reserves have reduced by £1.4m as surplus funds generated in prior years have been invested as match funding in support of the capital expenditure in-year.

### **People**

During the year, the Group employed an average of 1,101 people of whom 592 are teaching staff. (2021/22: 1020 and 552 respectively).

### **Student numbers**

The Group enrolled approximately 11,640 students. The student population included 4,388 16-18 year old students, 1,661 apprentices, 619 higher education students and 5,022 adult learners.

### **Reputation**

The College has a good reputation locally and regionally, based on a good quality provision of education and training. The College has strong links and relationships with local employers and other stakeholders.

## **Stakeholder relationships**

Middlesbrough College has many stakeholders. These include:

- Current, future and past students;
- Staff and their trade unions;
- Education sector funding bodies;
- Local employers (with specific links);
- Local authorities / Tees Valley Combined Authority;
- Government Offices
- Employer representative bodies including North East Chamber of Commerce which is leading on the Tees Valley Local Skills Improvement plan;
- The local community;
- Other FE institutions, schools and universities;
- Professional bodies;
- Awarding bodies.

The College recognises the importance of these relationships and engages in regular communication and dialogue with its stakeholders.

## **Public benefit**

Middlesbrough College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19 - 21.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce and Local Enterprise Partnerships (LEPs)

## Financial results

The Group delivered an underlying deficit in the year of £685k, (after adjusting for non-cash pension entries) and EBITDA was £2.75m in the year (2022: £0.24m surplus and £3.27m respectively):

	2023
<b>Underlying earnings reconciliation</b>	<b>£'000</b>
<b>Total comprehensive income</b>	<b>2,607</b>
Less actuarial gain	(4,121)
<b>Deficit before tax</b>	<b>(1,514)</b>
<b>Adjusted for:</b>	
FRS102 service charge	764
Enhanced pension provision movement	(222)
Pension interest	126
Enhanced Pension interest	86
Holiday pay accrual movement	75
<b>Total adjustments</b>	<b>829</b>
<b>Underlying operating deficit</b>	<b>(685)</b>
Net bank interest payable	400
Capital grant amortisation	(2,004)
Depreciation and amortisation	5,014
Loss on disposal of fixed assets	26
<b>Sector Specific EBITDA</b>	<b>2,751</b>

The Group had budgeted an overall underlying surplus of £0.5m in 2022/23. The shortfall between the budget and deficit achieved in the year can be attributed to the ongoing impacts of unprecedented cost inflation in recent years in particular in relation to energy costs and interest as well as market driven reductions in income compared to budget in some key income streams, particularly apprenticeship delivery.

Income for the Group increased by £2.3m to £52.5m (2022: £50.3m). The College remains highly dependent on the education sector funding bodies and the locally devolved adult education budget for its principal sources of funding (largely from recurrent grants). In 2023 this funding accounted for 81% of the Group's total income (excluding release of capital grants) (2022: 80%). In particular:

- **Education and Skills Funding Agency - 16-18.** The group was funded by the Education & Skills Funding Agency (ESFA) for 4,103 learners aged 16-18 equating to £28.4m of programme funding (2021/22 4,219 learners £24.6m). Actual recruitment in 2021/22 was above allocation at 4,388 learners and the college received in- year growth funding of £0.6m,
- **Tees Valley Combined Authority – Adult.** The College's Adult Education delivery funded by the Tees Valley Combined Authority was £5.0m
- **Education and Skills Funding Agency – Adult.** The College's Adult Education delivery funded by the Education and Skills Funding Agency (delivery outside of the Tees Valley) was £1.1m
- **Education and Skills Funding Agency – Apprenticeships.** The College had set a budget for Apprenticeships of £6.0m for 2023. However, lower than anticipated demand in year resulted in the College's delivery of £5.4m falling short of the budgeted level.

The Group's reported financial position continued to be influenced heavily by movements in the actuarial valuation of the Local Government Pension Scheme which has fluctuated significantly in recent years as a result of changes to actuarial assumptions, the impact of the Covid-19 pandemic, and more recent impacts of interest rate movements on underlying asset and liability values:

	2023	2022
Group financial position	£'000	£'000
Net assets	31,097	28,490
Defined benefit obligations	-	(3,231)
Net Assets (excluding defined benefit obligations)	31,097	31,721
Tangible fixed assets	84,345	80,619
Borrowings	(10,049)	(10,688)
Cash	3,772	5,248
Net (debt)/ funds	(6,277)	(5,440)

In 2022 actuaries calculated a pension deficit (Defined benefit obligations) of £3.2m in relation to the Colleges section of the Teesside Local Government Pension Scheme. In the current year, due principally to significant changes in market interest rates, the actuaries calculate a pension asset of £8.9m. The College considered the best means of recognising this movement in the accounts and it was decided not to recognise a pension related asset on the College's balance sheet, as any asset is ringfenced within the pension fund and is therefore not recoverable by the college, nor have contribution rates reduced as a result of the valuation. There is also a potential for this position to reverse in future along with any changes in the wider economy. Accordingly a gain was recognised to the extent that the pension deficit was extinguished in the accounts improving the College's year end reported net assets by £3.2m.

### Cash flows and Liquidity

The College's £8.7m investment in fixed assets has driven an overall £3.3m increase in tangible assets in 2023 (after £4.9m depreciation). The College contributed £2.1m of this expenditure from in- year earnings and cash reserves, which in turn has driven a £1.5m reduction in cash at the year-end to £3.8m. Bank loans have been reduced by £638,000 in line with the agreed amortisation schedule.

Net debt at 31 July 2023 was £6.7m (2022: £5.2m). The increase in net debt is due to investment of cash reserves in capital projects.

At the year-end the College had £10.0m outstanding borrowings from a 16 year £13.4m loan facility (which matures in 2030). During the year, loan interest of £0.5m was incurred (2022: £0.2m), at a floating rate following SONIA plus a fixed margin of 1.45% resulting in an average interest charge of 4.9% across the year (2022: 1.9%). The College remains compliant with all of its bank covenants.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

### Financial Health

The College's financial health as measured by the ESFA is self-assessed at a rating of "Good" for 2023. The College's medium term financial plan prepared in July 2020 shows the College maintaining at least "Good" financial health rating throughout the period to July 2026.

### Treasury Policy and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance are consistent with those risks.

The College has a separate treasury management policy in place.

Since reclassification of colleges into the Public Sector in November 2022, additional borrowing can only be undertaken with prior approval and/or direct support from the Department for Education. All such borrowing also requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

### **Reserves Policy**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

### **Curriculum developments**

The College currently has an overall Grade 2 "Good" Ofsted rating (dated September 2018) was awarded TEF Silver status by OfS (2023) for Higher Education provision, and continues to deliver strong, consistent learner outcomes, across study programme, apprenticeships, adult provision, and HE delivery. In addition, the College secured a Grade 2 "Good" Ofsted rating for Initial Teacher Education. The strength of this provision was recognised, and we were asked feedback details of our best practice to Ofsted due to the significant progress noted. ITE provision is now fully embedded in the overall teaching, learning and assessment strategy.

"Taking Teaching Higher" the College's Teaching and Learning Strategy continues to make good progress and embed a culture where teachers are reflective practitioners, who access regular feedback and understand the teaching theories that underpin their practice. Where staff new to the profession are employed, they are well supported through Heads of Teaching and Learning, Mentors, Tutors, and peers.

The College continues to respond positively to the rapid pace of change in government policy, further developing T levels, and Higher Technical Qualifications (HTQs), through being part of the Northeast Institute of Technology (IoT), and continuing to support the skills needs of the Teesworks site. Linked to this the College has supported development of the Tees Valley Local Skills Improvement Plan and has worked to align resources with the likely outcomes by developing a curriculum that is biased towards technical and professional and high priority sectors which are a focus for the region's economic development as well as ensuring a specific focus on softer skills that are increasingly identified as a development need by local employers. Employers play a significant part in curriculum design and departments engage regularly through employer/advisory boards.

In addition, to support the community and help them become active citizens, relationships with stakeholders are notably successful in improving opportunities for those who are the most disadvantaged in the community and there are significantly established relationships with local stakeholders such as DWP and job centre plus. Relationships with the DWP and housing associations are effective, including weekly group information sessions and attendance at community events to promote learning. This includes priority areas such as the governments Multiply programme, which helps increase numeracy those who would not ordinarily participate in any form of education. The growth of asylum seekers and refugees in the area has also led to an increase of learners accessing ESOL (English for speakers of other languages) provision and this has continued to grow over the past 4 years and the college continue to be proactive in responding to this localised need.

### **Future prospects**

The College's 16-18 ESFA funded recruitment for the following academic period, 2022/2023, is in excess of the Colleges ESFA allocation by 224 funded learners and overall income is anticipated to align with the Colleges financial budget for the year (which was revised following the announcement of enhanced 16-18 funding rates in for 2023/24).

In accordance with the in-year growth funding methodology announced by ESFA the College should also receive an additional in-year growth allocation in relation to these additional learners. Together in aggregate, income across other key delivery streams to adults, apprentices and HE learners is expected to align with the Colleges plan for the year.

In respect of operating costs, the budget for the year was set in early 2023 at a time when CPI inflation was increasing steadily alongside the Bank of England base rate. Since the budget was inflation rates have begun to reduce, and interest rates have not reached the peak anticipated in the Colleges plan and are expected not to. In addition the enhanced ESFA 16-18 funding settlement has allowed the College to make an enhanced pay award to staff of 6.5% which has been reflected in the revised budget (original budget 3%).

Against this context the College considers that it will be able to meet the targets set in its financial plan and that the enhanced staff pay award will go some way to ensuring staff continue to be fairly remunerated and are retained by the College to underpin stable and high-quality delivery to learners.

### **Going concern**

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future and has approved the 5-year financial plan to July 2028. As of November 2023, the Group had available to it £4.48m of cash at bank.

The expects to retain its ESFA financial health score within the “Good” classification through 2023/24 and considers that the Colleges financial position can be maintained at an acceptable level. For this reason, it continues to adopt the going concern basis in preparing the Financial Statements.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. The College’s risk management processes are designed to protect its assets, reputation and financial stability. The College compiles its risk register, based on perceived risks to achievement of its Strategic Plan, and uses the risk register to monitor and address key risks.

The College’s risk register is broken down into strategic risks, departmental risks and provision type risks. The College’s financial risks are documented and monitored through this process. There is also a separate Health and Safety Risk Register which feeds into the overarching College Strategic Risk Register.

The Risk Register is considered by the College’s Risk Management Group, the Senior Leadership Team and Audit & Risk Committee to the Governing Body. All risks that are considered to be both likely and which would have a serious effect on the College are classified as high-level risks plus any new strategic risks are reviewed and endorsed by the Senior Leadership Team to ensure they accurately reflect all significant risks to the College.

The College also has in place a business continuity plan which is reviewed annually. Disaster recovery scenario training has been undertaken by key staff.

Outlined below is a description of the principal risks that may affect the College. This list is not comprehensive and not all of the factors are within the College’s control.

### **Risk Event**

- Global event / war/ pandemic affects our ability to operate and government ability to fund training.
- Failure to meet budget strategy and maintain at least “Good” financial health.
- Failure to recruit and retain good staff and deliver workforce development plan.
- Failure to adequately safeguard all learners and meet Prevent Duty.
- Inability to meet an overall Ofsted Grade 2 outcome.
- Inability to influence external stakeholders and poor external reputation.
- Failure to provide a structure of support to students in line with College policies and EIF.



- Failure to invest in Capital IT infrastructure and implement disaster recovery process and ensure Business Continuity is in place.
- Failure to provide an environment that conforms to relevant health and safety regulations.
- Failure to ensure compliance with legal, regulation, statutory and governance requirements.
- Impact of the reclassification of FE Colleges into the public sector
- Impact of the cost-of-living crisis on the circumstances of our students their health and wellbeing
- Eton college opens an adjacent sixth form and significantly reduces our A level student numbers or recruits from our staff.

Key risks are mitigated in the following ways:

- Investment in staff and their development.
- Rigorous quality procedures are embedded throughout the College.
- Planned and managed implementation of growth, investment and marketing strategies.
- Implementation and monitoring of operational delivery plans.
- Focusing on maintaining and managing key relationships with funding bodies and customers maintaining regular dialogue with the ESFA and LEP / Local Combined Authority.
- Careful monitoring and awareness of policy changes and implementing nimble responses; work undertaken to ensure readiness for T-Level implementation; and
- Ensuring the College focuses its delivery in priority areas.
- Regular engagement with stakeholders and policy makers.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023 the College paid all invoices within 30 days unless there was a query with the supplier account or the invoice itself and is therefore confident that the College complies with this target.

### **Equal Opportunities**

Middlesbrough College is committed to providing an environment in which there is equality of opportunity for all members of its community and our commitment for equality, diversity and inclusion ensures that all who learn and work at Middlesbrough College, and potential applicants to the College, are treated fairly and valued for their talents and ability, in all aspects of its activities as an employer and provider of education and training.

Middlesbrough College has in place a Single Equality Scheme and Action Plan that is linked to the College Strategic Plan and its Mission Statement and is informed by the Equality Act 2010 and associated legislation.

The College's Equality Policy and Statement is published on the College's website and is available on request in a range of alternative formats. The linked Action Plan is updated and presented to the College Governing Body and College Senior Leadership Team termly.

### **Disability Statement**

Middlesbrough College is committed to providing an environment in which there is equality of opportunity for all members of its community and visitors. Our commitment for equality, diversity and inclusion ensures that all who learn and work at the College are treated fairly in response to the Equality Act 2010. It also aims to promote all other strands of equality and human rights. The Disability Statement is available online.

Middlesbrough College recognises that everyone's needs are unique and will work with students to identify any barriers that exist and make every effort to remove them. The College welcomes applications from students with learning difficulties or disabilities or additional support needs, and the College aims to provide the appropriate resources, facilities and services to enable students to be successful in their chosen

programme of study. The expertise of our staff enables us to provide excellent help and guidance to all prospective students.

Middlesbrough College proudly promotes itself as an equal opportunities employer and acknowledges the diverse needs of its employees and the community it serves. The College holds Disability Confident Leadership status. The College values diversity and inclusion by adopting a positive and proactive approach to support employees and future job applicants with disabilities or known health issues and promotes the Disability Confident Scheme in our supply chain.

### 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. The information for 2022 / 2023 is set out below:

Numbers of employees who were relevant union officials during the period	3
FTE employee number	2.4

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

Total cost of facility time	£17,086
Total pay bill	£32,685,202
Percentage of total bill spent on facility time	0.05%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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### Human Trafficking Statement

The College, as part of the Further Education Sector, recognises it has a responsibility to take a robust approach to slavery and human trafficking under The Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.

The College is absolutely committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking.

The College's Slavery and Human Trafficking statement was approved by the Governing Body on 17 October 2022 and is available on the College website at: [www.mbro.ac.uk](http://www.mbro.ac.uk) within the Governor's website; policies and procedures.

### 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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 18 December 2023 and signed on its behalf by:



Mr Robert Davies  
Chairman of Governors  
18 December 2023

## 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 August 2022 to 31 July 2023 and up to the date of approval of the annual report and Financial Statements on the 18 December 2023.

On 29 November 2022 Colleges were reclassified into the Central Government sector. As a result of reclassification Colleges were required to comply with the provisions of Managing Public Money, a publication which offers guidance on how to handle public funds. On 31 January 2023 some further specific guidance was issued by Department of Education in the form “Bitesize Guides” that further clarified some of the specific elements of Managing Public Money and their application to the Further Education Sector.

The College responded to these circumstances by undertaking a review of its relevant regulations, policies and procedures and updating them to ensure compliance. In addition, systems and processes were introduced to identify and handle those transactions for which DfE approval has since become a requirement.

Middlesbrough College endeavours to conduct its business:

1. In accordance with the seven principles identified by the Committee on Standards in Public Life:
  - Selflessness
  - Integrity
  - Objectivity
  - Accountability
  - Openness
  - Honesty
  - Leadership.
2. In full accordance with the guidance to colleges from the Association of Colleges (AoC) in The Code of Good Governance for English Colleges (“the Code”).
3. Having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to the Further Education Sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and, in particular, the College has adopted and complied with the Code of Governance. The College has not adopted and therefore does not apply the UK Corporate Governance Code. However, the College has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code it considers to be relevant to the further education sector and best practice.

In the opinion of the Governing Body, the College complies with the provisions of the Code of Governance and reported on a “comply or explain” basis to the Search and Governance Committee at its meeting on the 25 September 2023 and confirmed at the Governing Body meeting of 23 October 2023 for the period 1 August 2022 to 31 July 2023.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges originally issued by the Association of Colleges in March 2015, which the College formally adopted on 15 October 2015. The subsequent update of May 2019 was adopted by the College on 19 July 2019 and a further update adopted by the Governing Body on 21 March 2022.

The College is an Exempt Charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and particularly upon its supplementary guidance on the advancement of education, and that the required statements appear elsewhere in these Financial Statements.

The College has a Public Value Statement which is published in the updated 2023-2025 Strategic Plan and is below for information:

Middlesbrough College is committed to adding value to the social, economic and physical well-being of the local community it serves.

We are committed to raising aspiration, increasing opportunity and providing a foundation for sustainable economic growth and prosperity.

Central to our responsibility is our work with partner organisations and our obligation to enrich the social, cultural, economic and physical well-being of our whole community.

In practice, this means we are ready, willing and able to respond to the needs of our community whatever and wherever they may be.

In making this commitment we may be challenged to work in new ways and, at times, our own capability or capacity may be tested.

We are nevertheless determined to devote ourselves to, and measure ourselves against, this endeavour.

#### Governors serving on the Governing Body during 2022/2023 and up to 18 December 2023.

Governors appointed in 2022/2023 and up to 18 December 2023 have been highlighted (shaded) where appropriate.

\* denotes date of re-appointment. [OBJ]

\*\* denotes Chair of Committee

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees Served	Attendance (1 August 2022 to 31 July 2023)
Rachel Anderson	21 March 2023 (2 <sup>nd</sup> term)	20 March 2027	-	College Governor	Audit and Risk	64%
Imran Anwar	25 September 2023	24 September 2027		College Governor	Corporate Services	N/A
Heather Ashton	21 March 2019	20 March 2023	Resigned at end of first term of office 20 March 23	College Governor	Corporate Services. Remuneration (**) Search and Governance	88%
Jane Castor	26 September 2022	26 September 2026		College Governor	Corporate Services ** as of 23 Oct 23)	80%
Max Cameron	15 December 2022	31 July 2024 (initially till 31 July 2023 then extended a further year to 31 July 2024)		Student Governor	N/A	80%

Robert Davies <i>(Chair of Governors 1 August 2021 to 15 December 2022)</i>	31 July 2017 (2 <sup>nd</sup> term of office)  *Further extended term of office 31 July 2021	30 July 2021  Further extended term ends 31 July 2023  Further extended term ends 31 July 2025 (or sooner)		College Governor	Corporate Services Remuneration Search and Governance (**) Higher Education Selection ( <i>Senior Posts</i> ) (**) Settlement (**)	100%
Darush Dodds	13 July 2023	12 July 2027		College Governor	Curriculum and Standards	0%
Taylor Edgcombe	13 July 2023	31 July 2024		Student Governor	N/A	100%
Mark Ellis	15 July 2021	14 July 2025	14 Sept 2022	Staff Governor	Corporate Services	N/A
Marina Gaze	1 November 2019 (2 <sup>nd</sup> term of office)	31 October 2023  Further extended to 31 October 2024	-	College Governor	Curriculum and Standards	55%
Malcolm King	15 December 2022	14 December 2024		College Governor	Audit and Risk	86%
Edward Kunonga	16 December 2021	15 December 2025	Resigned 11 July 2023	College Governor	N/A	50%
Michael Laidler	15 July 2019	14 July 2023	Moved to Co-opted Governor 5 May 2023	College Governor	Curriculum and Standards	100%
Mathew Lamb	1 August 2022	31 July 2026		College Governor	Corporate Services	90%
Sharon Lane	18 October 2022 (2 <sup>nd</sup> Term of Office)	17 October 2026		College Governor	Curriculum and Standards	55%
Patrick Lenihan	18 October 2021	31 July 2023	Resigned 12 Sept 22	Student Governor	N/A	N/A
Zoe Lewis	26 September 2013	-	-	Principal / Chief Executive ( <i>Accounting Officer</i> )	Corporate Services Search and Governance Selection ( <i>Senior Posts</i> ). Curriculum and Standards Higher Education	100%
Dominic Lusardi	16 December 2021	15 December 2025		College Governor	Corporate Services	100%

Petrina Lynn (Vice Chair)	22 March 2021	21 March 2025		College Governor	Curriculum and Standards (** from March 22) Search and Governance Higher Education Remuneration	100%
Morgan McClintock	19 October 2020	18 October 2024		College Governor	Curriculum and Standards (until 31.07.22) Search and Governance Audit and Risk (from 1.08.2022) Higher Education ** as of 17 October 2022	60%
Sara Mirsalehi	15 July 2023 (2 <sup>nd</sup> Term)	14 July 2027		College Governor	Corporate Services Remuneration from 2022 ** from 13 March 2023	100%
Aga Pajura- Jaszczak	17 October 2022	16 October 2026		Staff Governor	Corporate Services	100%
Emma Rennison	16 December 2021	15 December 2025	Moved to Co-opted Gov as of 17 October 2022	College Governor	Curriculum and Standards	100%
Phil Sharp	23 March 2020	22 March 2024		College Governor	Corporate Services	60%
Daniel Still	17 October 2023 (2 <sup>nd</sup> Term)	16 October 2027		Staff Governor (Academic)	Curriculum and Standards	100%
Peter Studd	13 July 2019 (2 <sup>nd</sup> term of office)	12 July 2023 Extended to 13 July 2023	-	College Governor	Corporate Services (**). Search and Governance Special. Appeals (Senior Postholders)(**)	92%
John Tait	26 September 2022	25 September 2026		College Governor	Curriculum and Standards	55%
Ian Wallace	24 October 2023	23 October 2027		College Governor	Audit and Risk	N/A
Macy Wild	15 December 2022	31 July 2024	Resigned 18 May 2023	Student Governor	N/A	0%
Laura Woods	24 October 2023	23 October 2027		College Governor	Curriculum and Standards Higher Education	N/A
Iain Wright	14 December 2021 (2 <sup>nd</sup> Term)	13 December 2025	-	College Governor	Audit and Risk (**) Remuneration Search and Governance	80%

**Overall Attendance - 1 August 2022 to 31 July 2023 (excluding Co-opted Governors)**

	<b>Attendance Rate (Percentage)</b>
Overall Attendance	79%

**Governing Body Attendance - 1 August 2022 to 31 July 2023 (excluding Co-opted Governors)**

	<b>Attendance Rate (Percentage)</b>
Governing Body	77%

**Committee Attendance – 1 August 2022 to 31 July 2023 (excluding Co-opted Governors)**

	<b>Attendance Rate (Percentage)</b>
Audit and Risk	79%
Corporate Services	90%
Curriculum and Standards	81%
Higher Education	75%
Remuneration	100%
Search and Governance	81%

**Co-opted Governors Attendance – 1 August 2022 – 31 July 2023**

<b>Name of Co-opted Governor</b>	<b>Attendance Rate (Percentage) For both Committee and GB Strategic Sessions</b>	<b>Attendance Rate (Percentage) for Committee</b>
Ms Melissa Brant-Smith (Appointed 13 July 2023) Resigned 22 September 2023	N/A	N/A
Mr Stephen Brown (Appointed 16 December 2021)	100%	100%
Mr David Budd (Appointed 13 July 2023)	N/A	N/A
Ms C Cannon (Appointed 22 March 2021)	14%	25%
Mr Ashley Coleman Cooke (Appointed 15 December 2022)	100%	100%
Mr S Green (Re-appointed 16 October 2021) Resigned 10 January 2023	0%	0%



Mr A Hanif (Re-appointed 6 July 2021)	34%	Not applicable
Mr Lee Holdsworth (Appointed 18 October 2021) Resigned 11 August 2022	N/A	N/A
Mr Michael Laidler (Appointed 5 May 2023)	N/A	N/A
Ms Emma Rennison (Appointed 17 October 2022) Resigned 9 November 2023	34%	50%
Mr James Robson (Appointed 16 December 2021) Resigned 15 July 2022	N/A	N/A
Miss S Shepherd (Re-appointed 1 August 2021)	83%	100%
Mr A Stephenson (Re-appointed 12 July 2019) End of final term of office 12 July 2023	29%	25%
Mr S Wilson (Re-appointed 19 May 2019) End of final term of office 18 May 2023	34%	50%
<b>Total</b>	<b>54%</b>	<b>55%</b>

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

The Governing Body is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters, such as health and safety and environmental issues.

The professional expertise of the Governing Body in terms of financial management and control and associated skills are considered to be strong amongst its current membership.

The Governing Body meets at least termly. The Governing Body conducts its business through a number of committees. Each Committee has Terms of Reference, which have been approved by the Governing Body.

A new Higher Education Committee was approved on 17 October 2022 and terms of reference were approved in March 2023 after the inaugural meeting in February 2023. The latest version of the Committee Structure is available on the Governors' Website.

The Committee Structure as of the 31 July 2023 is:

- Appeals (*Senior Post-holders*)
- Audit and Risk
- Corporate Services
- Curriculum and Standards
- Higher Education
- Remuneration



- Search and Governance.
- Selection (*Senior Posts*)
- Settlement
- Special

The Governing Body has also appointed a number of Co-opted Governors (formally named External Members) to serve on a number of committees, as detailed below, and is correct as at 18 December 2023.

Co-opted Governor	Name of Committee(s) Served
Stephen Brown	<b>Corporate Services Committee</b> (Appointed 16 December 2021 for a period of four years to 15 December 2025)
David Budd	<b>Audit and Risk Committee</b> (Appointed 13 July 2023 for an initial period of two years to 13 July 2025)
Caroline Cannon	<b>Curriculum and Standards Committee</b> (Appointed 22 March 2021 for a period of one year initially to 21 March 2022, extended a further two years to 21 March 2024 and a further one year to 21 March 2025)
Ashley Coleman Cooke	<b>Audit and Risk Committee</b> (Appointed 15 December 2022 for a period of four years to 14 December 2026)
Aslam Hanif	<b>Equality and Diversity Committee</b> (Appointed from the 6 July 2017 for a period of four years to 5 July 2021) (Re-appointed 6 July 2021 for a Final Term of Office for a period of four years to 5 July 2025)
Michael Laidler	<b>Safeguarding Committee/Link Governor</b> (Appointed 5 May 2023 until 31 July 2024)
Emma Rennison	<b>Curriculum and Standards</b> (Appointed from 17 October 2022 for a period of four years to 16 October 2026)
Sarah Shepherd	<b>Search and Governance Committee</b> (Appointed from the 1 August 2016 for a period of four years to 31 July 2020) (Re-appointed for a Final Term of Office from 1 August 2020 to 31 July 2024)

Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available from:

Zeta Foster  
 Head of Governance/Clerk to the Corporation  
 Middlesbrough College  
 Dock Street  
 Middlesbrough  
 TS2 1AD  
[z.foster@mbro.ac.uk](mailto:z.foster@mbro.ac.uk)

The Head of Governance/Clerk to the Corporation maintains a register of financial and personal interests (*Register of Interests*) of the Governors; this is available for inspection at the above address and is updated on an annual basis.

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Head of Governance/Clerk to the Corporation, who is responsible to the Governing Body for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Head of Governance/Clerk to the Corporation are matters for the Governing Body as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner prior to Governing Body meetings. Briefings are also provided on an ad hoc basis.

The Governing Body has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

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

### **Governance Self-Assessment**

For 2022/2023 the Governing Body self-assessed itself as a Grade 2, with the Governance Self-Assessment Report being approved on the 18 December 2023. This document highlighted a number of strengths and areas for improvement and followed the publication of the College's Ofsted Inspection Report in October 2018 and outcome of the External Review.

Copies of both documents are available from the Clerk to the Corporation.

### **External Review**

The DfE Guidance on the new requirement for External Reviews stipulates that an external review must take place by July 2024 at the latest and every three years thereafter.

As approved by the Governing Body on 14 July 2022, an External Governance Review was commissioned by the AoC and took place between 9 January 2023 and 28 April 2023 (led by R Lawson) and a full report was shared with the Governing Body and an Action Plan approved. The overall conclusion of the review on Board effectiveness was that ***'There is strong evidence that the Board is highly proficient and consistently impacts positively on college strategy, effectiveness, and outcomes.'***

Both documents are available on the College website for information: [Governance Reports | Governance | Middlesbrough College \(mbro.ac.uk\)](https://www.mbro.ac.uk/governance-reports) The Action attended to and monitored through the Governance Areas for Improvement 2023-2024.

### **Governing Body and Head of Governance Training**

Governors' training over 2022-23 has been both individual (in College and externally usually through the AoC or ETF) and collective depending upon need. Collective training is scheduled annually in February of each year and includes safeguarding training, sector updates and Governing Body training resulting from the annual individual meetings with Chair/Vice Chair and each governor. In February 2023 this concentrated on a comprehensive workshop on key aspects of Teaching, Learning and Assessment (including research, TLA assurances, quality of education, CPD); Safeguarding and the Ofsted Enhanced Inspection workshop and update.

Additionally, in September 2023, J Gravatt and C Nicholls from the AoC gave an update on national and local issues; the North East Chamber of Commerce gave an LSIP overview, training was given on College Self Assessment and Safeguarding and further detail was given in relation to Qualifications reform, all assisting

Governors are fully up to date and trained in all key aspects of their governance duties within the current national and local contexts.

The Governing Body has also signed up to the Governance Development Programme designed by the Education and Training Foundation (ETF) which allows governors to choose to add to their learning as required.

The Chair regularly attend the AoC regional meetings (along with the Principal) and Chairs Network and the Chair and Vice Chair attend the AoC's Chair and Vice Chair meetings. The Chairs of Audit and Risk and Corporate Services have attended the newly set up AoC Finance and Audit Network meeting over the academic year 2022-2023.

All new governors are encouraged to attend the AoC induction sessions in addition to College organized induction processes. A general Committee Chairs Network has been set up for 2023-24 with sign up from a Chair each time so far and alongside this there are AoC Staff and Student Governors networks to which all staff and student governors having signed up as of October 2023.

The Head of Governance took part in regular development activities throughout 2022-23 to ensure continued relevant support to the Governing Body (including legal updates and information relating to reclassification November – April 2023, AoC training specific for Governance Professionals throughout the year and the AoC Governance Professional Conference in January 2023) and this was reported to the Remuneration Committee in detail in December 2023. The Remuneration Committee also approved support for the Head of Governance to engage in new sector specific governance qualifications (Level 5-7) from the ETF/loT and this will take place during 2024.

### **Appointments to the Governing Body**

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole, following advice from the Search and Governance Committee in terms of the appointment/re-appointment of College Governors and Co-opted Governors, with a Term of Office not exceeding four years from its last expiry date, other than by approved exception.

The Governing Body is also responsible for ensuring that appropriate training is provided as required, and this is co-ordinated by the Head of Governance/Clerk to the Corporation and reported direct to the Search and Governance Committee on a termly basis.

The Governing Body has also adopted an appointment process in line with the AoC's Code of Governance of College, i.e. College Governors and Co-opted Governors normally having a maximum of two terms of four years. However, the Governing Body has reserved the right to extend to a third term if there are mitigating circumstances and these are agreed by the Search and Governance Committee and Governing Body respectively.

### **Search and Governance Committee**

The Search and Governance Committee comprises seven members of the Governing Body and one Co-opted Governor as at the 31 July 2023, and they are responsible for the selection and nomination of any new member for the Governing Body's consideration.

### **Remuneration Committee**

The Remuneration Committee comprises five members of the Governing Body as at 31 July 2023, and its main responsibility is to make recommendations to the Governing Body on the remuneration and benefits of the Principal/Chief Executive (*Accounting Officer*), Senior Postholders (if applicable) and the Head of Governance/Clerk to the Corporation. It is also responsible for producing an annual report on the business of the Committee, to comply with the AoC Code of Good Governance, Annex 1 (The Colleges' Senior Post Holder Remuneration Code).

The Principal/Chief Executive (*Accounting Officer*) is a Senior Postholder.

There are no other Senior Postholders as at the 31 July 2023.

The Head of Governance/Clerk to the Corporation is not a designated Senior Postholder.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 of the 2022/2023 Financial Statements.

### **Audit and Risk Committee**

The Audit and Risk Committee comprises four members of the Governing Body (excluding the Principal/Chief Executive (*Accounting Officer*) and Chair of Governors) and two Co-opted Governors as at 31 July 2023. As of 18 December 2023 the Committee comprises of five members of the Governing Body and two Co-opted Governors.

The Audit and Risk Committee operates in accordance with written Terms of Reference approved by the Governing Body and advises the Governing Body on the adequacy and effectiveness of the College's system of Internal Control and its arrangements for risk management, control and governance processes.

The Audit and Risk Committee normally meets four times a year and provides a forum for reporting by the College's Internal, Regularity and Financial Statements Auditors, who have access to the Audit and Risk Committee for independent discussion, without the presence of College management. The Audit and Risk Committee also receives and considers reports from the main Further 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 Audit and Risk Committee.

Management is responsible for the implementation of agreed audit recommendations, and the Internal Auditor undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit and Risk Committee also advises the Governing Body on the appointment of Internal Auditors and the Regularity and Financial Statements Auditors, and their remuneration for both audit and non-audit work, as well as reporting annually to the Governing Body.

### **Other Committees**

As detailed earlier, the Governing Body has a number of active committees, and the minutes of certain committees, including Audit and Risk, Corporate Services, Curriculum and Standards, Higher Education and Search and Governance are all posted on the Governors Website.

Copies of the minutes can be obtained from the Head of Governance/Clerk to the Corporation.

## **INTERNAL CONTROL**

### **Scope of Responsibility**

The Governing Body 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 Governing Body has delegated the day-to-day responsibility to the Principal / 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 Financial Memorandum / Financial Agreement between Middlesbrough College and the Funding Bodies.

The Principal / Chief Executive (*Accounting Officer*) is also responsible for reporting to the Governing Body 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 on-going 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 Middlesbrough College for the year ended 31 July 2023 and up to the date of approval of the 2022/2023 Financial Statements.

### **Capacity to Handle Risk**

The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the 2022/2023 Financial Statements. This process is regularly reviewed by the Governing Body.

### **The Risk and Control Framework**

The system of Internal Control is based on a framework of regular management information, and 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 Governing Body.
- Regular reviews by the Governing Body of periodic and annual financial reports, which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- Adoption of formal project management disciplines, where appropriate.

Middlesbrough College has an Internal Audit Service (*RSM*), which operates in accordance with the requirements of the Education and Skills Funding Agency's Post 16 Audit Code of Practice, which was shared with the Audit and Risk Committee on 23 June 2023.

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 Governing Body on the recommendation of the Audit and Risk Committee.

Annually, the Head of Internal Audit (HIA) provides the Audit and Risk Committee and the Governing Body with a report on Internal Audit activity in the College. The report includes the Head of Internal Audit's Independent Opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### **Delivery of the internal audit plan**

100% of the internal audit plan for 2022-2023 was delivered.

## Review of Effectiveness

As Accounting Officer, the Principal / Chief Executive has responsibility for reviewing the effectiveness of the system of internal control, and this review of the effectiveness of the system of Internal Control is informed by:

- The work of the Internal Auditors (*RSM*).
- The work of the executive managers within the College who have responsibility for the development and maintenance of the Internal Control Framework.
- Comments made by the College's Financial Statements Auditor (*Mazars*), Regularity Auditor (*Mazars*) and the Funding Auditor (if appointed) in their Management Letters and other reports.

The Principal / Chief Executive (*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 and Risk Committee, which oversees the work of the Internal Auditor and Risk Management Group and a plan to address weaknesses and ensure continual improvement of the system is in place.

The Senior Leadership 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 Senior Leadership Team and the Audit and Risk Committee also receive regular reports from Internal Audit and other sources of assurance, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for Internal Control.

The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 18 December 2023 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Leadership Team and Internal Audit and taking account of events since 31 July 2023.

Based on the advice of the Audit and Risk Committee and the Principal / Chief Executive (*Accounting Officer*), the Governing Body is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

**Approved by order of the members of the Governing Body on 18 December 2023 and signed on its behalf by:**



Mr Robert Andrew Davies  
Chair of Governors  
18 December 2023



Mrs Zoe Lewis  
Principal / Chief Executive (*Accounting Officer*)  
18 December 2023

## **Statement of Regularity, Propriety and Compliance**

### **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 those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the 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 noncompliance, 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.



Mrs Zoe Lewis  
Accounting officer  
18 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.



Mr Robert Davies  
Chair of governors  
18 December 2023

## Statement of Responsibilities of the Members of the Corporation

The members of the corporation, as charity trustees, 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, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period.

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 Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

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 bite 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 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 18 December 2023 and signed on its behalf by:



Mr Robert Davies  
Chair of governors



## **Independent auditor's report to the Corporation of Middlesbrough College**

### **Opinion**

We have audited the financial statements of Middlesbrough College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise the Group and College Statement of Comprehensive Income and Expenditure, the Group and College Statement of Changes in Reserves, the Group and College Balance Sheet, the Group Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2023 and of the Group's and College's surplus 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 Group and 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 Group's and College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

## **Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 31, 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 Group's and 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 Group or the College or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

Based on our understanding of the Group and the College and their 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, pensions legislation, 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 Group and 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 Group and 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, pension legislation.

In addition, we evaluated the Members of the Corporation 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 assets and liabilities in the

defined benefit pension scheme, revenue recognition (which we pinpointed to the cut off assertion, and significant one-off or unusual transactions.

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

- Making enquiries of the Members of the Corporation 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; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

## Use of the audit report

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

  
Mazars LLP (Dec 19, 2023 13:44 GMT)

### Mazars LLP

The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

19 December 2023

## **The corporation of Middlesbrough 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 31 July 2023 and further to the requirements and conditions of funding in 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 Middlesbrough College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes intended 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 Middlesbrough 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 Middlesbrough 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 Middlesbrough College and ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Middlesbrough College and the reporting accountant**

The corporation of Middlesbrough 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.

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.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.

- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- 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, and that the financial transactions do not conform to the authorities that govern them.



Mazars LLP (Dec 19, 2023 13:44 GMT)

Mazars LLP  
The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

19 December 2023

# Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	43,156	43,085	40,424	39,019
Tuition fees and education contracts	3	5,495	5,111	5,717	5,455
Other grants and contracts	4	1,868	1,660	2,584	2,196
Other income	5	1,900	2,031	1,511	1,487
Investment income	6	109	103	10	9
<b>Total income</b>		<b>52,528</b>	<b>51,990</b>	<b>50,246</b>	<b>48,166</b>
<b>EXPENDITURE</b>					
Staff costs	7	32,425	24,484	31,598	24,822
Restructuring costs	7	260	206	194	181
Other operating expenses	8	15,596	23,241	15,904	21,513
Depreciation & amortisation	10, 13	5,014	4,849	4,349	4,182
Interest and other finance costs	9	721	721	747	747
<b>Total expenditure</b>		<b>54,016</b>	<b>53,501</b>	<b>52,792</b>	<b>51,445</b>
<b>Deficit before other gains and losses</b>		<b>(1,488)</b>	<b>(1,511)</b>	<b>(2,546)</b>	<b>(3,279)</b>
Gain / (Loss) on disposal of assets		(26)	(26)	(2)	(2)
<b>(Deficit) / surplus before tax</b>		<b>(1,514)</b>	<b>(1,537)</b>	<b>(2,548)</b>	<b>(3,281)</b>
<b>(Deficit) / surplus for the year</b>		<b>(1,514)</b>	<b>(1,537)</b>	<b>(2,548)</b>	<b>(3,281)</b>
Actuarial gain in respect of pension schemes	23	4,121	4,121	27,249	27,249
<b>Total Comprehensive Income for the year</b>		<b>2,607</b>	<b>2,584</b>	<b>24,701</b>	<b>23,968</b>
<b>Represented by:</b>					
<b>Unrestricted comprehensive income</b>		<b>2,607</b>	<b>2,584</b>	<b>24,701</b>	<b>23,968</b>
		<b>2,607</b>	<b>2,584</b>	<b>24,701</b>	<b>23,968</b>

The Group surplus for the year of £2.607m includes the following:

- an underlying deficit of £0.241m (including the impact of non-recurring restructuring costs of £0.260m); and,
- non-cash adjustments of £2.848m relating to pension accounting (£2.923m) and holiday pay accruals (£0.075m).

The consolidated statement of comprehensive income is in respect of continuing activities.

## Consolidated and College Statement of Changes in Reserves

	Income and expenditure account £'000
<b>Group</b>	
<b>Balance at 1 August 2021</b>	3,789
Deficit from the income and expenditure account	(2,548)
Other comprehensive income	27,249
<b>Total comprehensive income for the year</b>	<u>24,701</u>
<b>Balance at 31 July 2022</b>	<u>28,490</u>
Deficit from the income and expenditure account	(1,514)
Other comprehensive income	4,121
<b>Total comprehensive income for the year</b>	<u>2,607</u>
<b>Balance at 31 July 2023</b>	<u><b>31,097</b></u>
<b>College</b>	
<b>Balance at 1 August 2021</b>	4,406
Deficit from the income and expenditure account	(3,281)
Other comprehensive income	27,249
<b>Total comprehensive income for the year</b>	<u>23,968</u>
<b>Balance at 31 July 2022</b>	<u><b>28,374</b></u>
Deficit from the income and expenditure account	(1,537)
Other comprehensive income	4,121
<b>Total comprehensive income for the year</b>	<u>2,584</u>
<b>Balance at 31 July 2023</b>	<u><b>30,958</b></u>

## Balance Sheets as at 31 July 2023

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
<b>Non current assets</b>					
Tangible fixed assets	10	84,345	84,217	80,619	80,395
Intangible assets	13	324	-	393	-
Investments	12	-	1,119	-	1,119
		<b>84,669</b>	<b>85,336</b>	<b>81,012</b>	<b>81,514</b>
<b>Current assets</b>					
Stocks		29	27	25	21
Trade and other receivables	14	6,092	5,436	4,198	3,726
Cash and cash equivalents	20	3,772	3,380	5,248	4,628
		<b>9,893</b>	<b>8,843</b>	<b>9,471</b>	<b>8,375</b>
<b>Creditors – amounts falling due within one year</b>	15	(8,485)	(8,241)	(7,636)	(7,158)
<b>Net current assets</b>		<b>1,408</b>	<b>602</b>	<b>1,835</b>	<b>1,217</b>
<b>Total assets less current liabilities</b>		<b>86,077</b>	<b>85,938</b>	<b>82,847</b>	<b>82,731</b>
Creditors – amounts falling due after more than one year	16	(52,808)	(52,808)	(48,515)	(48,515)
<b>Provisions</b>					
Defined benefit obligations	19	-	-	(3,231)	(3,231)
Other provisions	19	(2,172)	(2,172)	(2,611)	(2,611)
<b>Total net assets</b>		<b>31,097</b>	<b>30,958</b>	<b>28,490</b>	<b>28,374</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		31,097	30,958	28,490	28,374
<b>Total unrestricted reserves</b>		<b>31,097</b>	<b>30,958</b>	<b>28,490</b>	<b>28,374</b>

The financial statements on pages 36 to 65 were approved by the Corporation on 18 December 2023 and were signed on its behalf on that date by:



Mr Robert Davies  
Chairman of Governors



Mrs Zoe Lewis  
Principal / Chief Executive (Accounting Officer)



## Consolidated Statement of Cash Flows

Group	Notes	2023 £'000	2022 £'000
<b>Cash flow from operating activities</b>			
Surplus / (deficit) for the year		(1,514)	(2,548)
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation	10/13	5,014	4,349
Impairment of assets / Lennartz Asset Movement		-	(244)
Deferred capital grants release		(2,004)	(1,523)
Pensions costs less contributions payable	23	764	2,457
Increase / (decrease) in stocks		(4)	(10)
Increase / (decrease) in debtors	14	(894)	(137)
Increase / (decrease) in creditors	15/16	298	(186)
Increase / (decrease) in provisions	19	(525)	(604)
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(109)	(10)
Interest payable and other finance costs	9	721	747
(Gain) / loss on sale of fixed assets		26	2
<b>Net cash flow from operating activities</b>		<u>1,773</u>	<u>2,293</u>
<b>Cash flows from investing activities</b>			
Capital grants received		6,485	5,899
Loss from sale of fixed assets		(26)	(2)
Interest received	6	109	10
Payment made to acquire subsidiary investment		-	-
Payments made to acquire fixed assets	10	(8,670)	(8,691)
		<u>(2,102)</u>	<u>(2,784)</u>
<b>Cash flows from financing activities</b>			
Interest paid	9	(509)	(208)
New unsecured loans		-	-
Repayments of amounts borrowed		(638)	(638)
		<u>(1,147)</u>	<u>(846)</u>
<b>(Decrease) / Increase in cash and cash equivalents in the year</b>		<u><b>(1,476)</b></u>	<u><b>(1,337)</b></u>
Cash and cash equivalents at beginning of the year		5,248	6,585
<b>Cash and cash equivalents at end of the year (note 20)</b>		<b>3,772</b>	<b>5,248</b>

## **Notes to the financial statements**

### **1. Statement of Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the 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 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 College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2019 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

#### *Restatement*

In the course of preparing these financial statements, a presentational change has been made to the Group and College financial statements to aid consistency and understanding. This is the reclassification of an element of other income to other grants and contracts.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiary undertakings Northern Skills Group Business Services Limited, TTE Technical (UK) Limited, TTE International Limited, TTE Apprenticeships Limited, Middlesbrough College Management Services Limited, Northern Apprenticeship Company Limited and University Centre Middlesbrough Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2023. In accordance with FRS 102, the activities of the student union have not been consolidated because the college does not control these activities.

#### **Going concern**

The activities of the College together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

The Governing body considers that the College 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 the financial statements.

## **1. Statement of Accounting Policies (continued)**

### **Revenue grant funding**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals model as permitted by FRS 102. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over 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 year old learner funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Income from the provision of Higher Education courses is in partnership with Teesside University, income earned is credited direct to the income and expenditure account.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

### **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, non-governmental, 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 recognised in the period for which it is earned and includes all fees payable by students or their sponsors.

### **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.

### **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 25, except where the College retains a beneficial interest, in which case the expenditure together with the related income is recognised in the accounts.

### **Accounting for post-employment benefits**

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

### **Teachers' Pension Scheme (TPS)**

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

## **1. Statement of Accounting Policies (continued)**

substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. 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.

### **Teesside 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/asset 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 actuarial gains and losses.

### **Short-term employment benefits**

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

### **Enhanced pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the 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.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

### **Intangible assets**

Intangible assets are stated at cost less accumulated impairment costs and are amortised over their expected useful economic life of 10 years.

### **Land and buildings**

Freehold land is not depreciated. Leasehold land and buildings are depreciated over the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital income account within creditors and are released

## **1. Statement of Accounting Policies (continued)**

to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with depreciation policy. Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets. 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.

### **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 July. They are not depreciated until they are brought into use.

### **Subsequent expenditure on existing fixed assets**

Where significant additional expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

### **Equipment**

Equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other assets are capitalised at cost and depreciated over their useful economic life as follows:

- Motor vehicles and general equipment - 5 years straight line
- Computer equipment - 3 to 5 years straight line
- Furniture, fixtures and fittings - 10 years straight line

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

### **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 and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

## **1. Statement of Accounting Policies (continued)**

### **Investments**

Investments in subsidiaries are accounted for at cost less impairment in the College financial statements.

### **Stocks**

Stocks are stated at the lower of their cost (using the first in first out method) and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### **Cash**

Cash for the purposes of the cash flow statement comprises of cash in hand and deposits repayable within three months less overdrafts repayable on demand.

### **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 Group 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.

### **Maintenance of premises**

The cost of routine maintenance is charged to the income and expenditure account in the period in which it is incurred.

### **Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### **Foreign currency translation**

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

Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the end of the financial year with any exchange differences charged to the income and expenditure account in the period in which they arise.

### **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 Chapter 3 Part 11 Corporation Tax Act 2011 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 minor element, around 3%, of VAT charged on its inputs. Irrecoverable VAT on inputs is included in 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. The College has in place a VAT group, incorporating the activities of its subsidiary companies.

## 1. Statement of Accounting Policies (continued)

### Provisions

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

### Accounting estimates and judgements

#### *Judgements in applying accounting policies*

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

- *Leases*

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.

- *Impairment of group tangible fixed assets*

Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### *Other key sources of estimation uncertainty*

Certain critical accounting judgements in applying the College's accounting policies are described below.

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2020 has been used by the actuary in valuing the pensions liability at the balance sheet date. 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.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

## 2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - Adult	1,121	1,121	1,078	1,078
Education and Skills Funding Agency - 16-18	27,597	27,597	24,550	24,550
Education and Skills Funding Agency - Apprenticeships	5,411	5,411	5,667	4,279
Tees Valley Combined Authority - Adult	4,988	4,984	4,699	4,698
Office for Students	396	396	392	392
<b>Specific grants</b>				
Education and Skills Funding Agency	414	414	1,384	1,384
Education and Skills Funding Agency - Catch Up	495	452	545	541
Teacher pension scheme contribution grant	730	706	586	574
Releases of government capital grants	2,004	2,004	1,523	1,523
<b>Total</b>	<b>43,156</b>	<b>43,085</b>	<b>40,424</b>	<b>39,019</b>

## 3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Adult education fees	1,279	895	1,095	859
Apprenticeship fees and contracts	82	82	94	87
Fees for FE loan supported courses	730	730	1,128	1,128
Fees for HE loan supported courses	3,404	3,404	3,381	3,381
<b>Total tuition fees</b>	<b>5,495</b>	<b>5,111</b>	<b>5,698</b>	<b>5,455</b>
Education contracts	-	-	19	-
<b>Total</b>	<b>5,495</b>	<b>5,111</b>	<b>5,717</b>	<b>5,455</b>

## 4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Other grants and contracts	1,868	1,660	2,584	2,196
<b>Total</b>	<b>1,868</b>	<b>1,660</b>	<b>2,584</b>	<b>2,196</b>



## 5 Other income

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Catering and residences	1,145	1,103	899	872
Other income generating activities	-	-	-	-
Miscellaneous income	755	928	612	615
<b>Total</b>	<b>1,900</b>	<b>2,031</b>	<b>1,511</b>	<b>1,487</b>

## 6 Investment income

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Other interest receivable	109	103	10	9
<b>Total</b>	<b>109</b>	<b>103</b>	<b>10</b>	<b>9</b>

## 7 Staff costs – Group

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

	2023 No.	2022 No.
Teaching staff	592	552
Non-teaching staff	509	468
	<b>1,101</b>	<b>1,020</b>
<b>Staff costs for the above persons</b>		
	2023 £'000	2022 £'000
Wages and salaries	25,545	23,452
Social security costs	2,234	2,057
Other pension costs	4,285	5,764
<b>Payroll sub total</b>	<b>32,064</b>	<b>31,273</b>
Contracted out staffing services	197	178
Other staffing costs	164	147
	<b>32,425</b>	<b>31,598</b>
Restructuring costs	260	194
<b>Total Staff costs</b>	<b>32,685</b>	<b>31,792</b>

## Staff costs – College

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

	2023 No.	2022 No.
Teaching staff	485	454
Non-teaching staff	216	251
	<b>701</b>	<b>705</b>

## Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	18,550	17,513
Social security costs	1,684	1,567
Other pension costs	4,033	5,568
<b>Payroll sub total</b>	<b>24,267</b>	<b>24,648</b>
Contracted out staffing services	58	36
Other staffing costs	159	138
	<b>24,484</b>	<b>24,822</b>
Restructuring costs – Contractual	206	181
<b>Total Staff costs</b>	<b>24,690</b>	<b>25,003</b>

## Compensation payments and ex-gratia payments

The College has paid £1,595 for ex-gratia relating to a voluntary redundancy, with the payment amount being the equivalent of the redundancy entitlement.

## Severance payments

Severance payments include contractual payments, statutory payments and special staff severance payments. Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements.

The Group paid a total of 28 severance payments in the year, with 14 of these payments made by the College. These payments are disclosed in the following bands:

	College	Group
0 - £25,000	13	27
£25,001 - £50,000	1	1
£50,001 - £100,000	0	0
£100,001 - £150,000	0	0
£150,000+	0	0

Included in staff restructuring costs for the College are special severance payments totalling £26,370 (2022: £1,650). Individually the payments were: £1,595, £12,259, £3,000 and £9,516. There were also additional special severance payments made within the group totalling £4,284 (2022: £250). Individually the payments were: £1,595 and £2,689.

## Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership team which comprises the Principal/Chief Executive, Deputy Principal, Vice Principals and Executive Directors.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u>8</u>	<u>9</u>

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

	Key management personnel		Other higher paid staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£15,001 to £20,000 p.a.	1	-	-	-
£25,001 to £30,000 p.a.	-	1	-	-
£30,001 to £35,000 p.a.	-	1	-	-
£40,001 to £45,000 p.a.	-	-	-	-
£45,001 to £50,000 p.a.	-	1	-	-
£50,001 to £55,000 p.a.	1	-	-	-
£55,001 to £60,000 p.a.	-	-	-	1
£60,001 to £65,000 p.a.	-	-	4	4
£65,001 to £70,000 p.a.	-	1	3	2
£70,001 to £75,000 p.a.	1	1	2	1
£75,001 to £80,000 p.a.	1	-	-	-
£80,001 to £85,000 p.a.	2	2	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	1	1	-	-
£140,001 to £145,000 p.a.	-	1	-	-
£150,001 to £155,000 p.a.	1	-	-	-
	<b>8</b>	<b>9</b>	<b>9</b>	<b>8</b>

Emoluments paid to key management personnel are made up as follows:

	2023 £'000	2022 £'000
Salaries	629	655
Employers National Insurance	80	84
Pension contributions	109	116
Total key management personnel emoluments	<u><b>818</b></u>	<u><b>855</b></u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Salaries	153	147
Pension contributions	23	22
	<b>176</b>	<b>169</b>

No compensation for loss of office was paid during the current year to former key management personnel.

The governing body adopted the AoC's Senior Staff Remuneration Code on 15 July 2019 and will assess and report pay in line with its principles in future. The Governing Body also adopted Annex 2 of the AoC's code which outlines the justification of the non-adoption of the CUC Higher Education Staff Remuneration code.

The remuneration package of the Principal / Chief Executive and Clerk to the Corporation, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. This is reported and approved by the Governing Body annually in line with the principals of the AoC's Senior Staff Remuneration Code.

The Principal / Chief Executive remuneration package remains below the median further education sector turnover benchmark for a college of this size.

The Principal / Chief Executive and Clerk to the Corporation reports to the Chair of Governors, who, with the Vice Chair of Governors, undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance.

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

	<b>2023</b>	<b>2022</b>
Principal/CEO's basic salary as a multiple of the median of all staff	6.24	5.67
Principal/CEO's total remuneration as a multiple of the median of all staff	6.69	5.28

**8 Other operating expenses**

	<b>2023 Group £'000</b>	<b>2023 College £'000</b>	<b>2022 Group £'000</b>	<b>2022 College £'000</b>
Teaching costs	2,381	2,316	3,250	3,125
Non-teaching costs	8,730	16,930	8,568	14,753
Premises costs	4,485	3,995	4,086	3,635
<b>Total</b>	<b>15,596</b>	<b>23,241</b>	<b>15,904</b>	<b>21,513</b>

**Other operating expenses include:**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Auditors' remuneration:		
Financial statements audit*	69	49
Internal audit**	83	39
Other services provided by the financial statements auditor – taxation returns	14	12
Hire of assets under operating leases	627	812

\* includes £34,800 in respect of the College (2022/23 £25,150)

\*\* includes £83,431 in respect of the College (2022/23 £38,992)

**Guarantees, letters of comfort and indemnities**

On 28<sup>th</sup> March 2023, the College provided a letter of support to TTE Apprenticeships Limited which stated that it would “make available sufficient funds to enable the company to continue for at least twelve months” from that date, DfE approval was given for the letter of comfort which was provided as the subsidiary reported net liabilities of £63,333 at that date, all of which were owing to the members of the group. The letter was necessary to ensure that the going concern assumption was valid in relation to TTE Apprenticeships Limited's financial statements. TTE Apprenticeships limited is a wholly owned non- trading subsidiary of the College.

**9 Interest and other finance costs – Group and College**

	<b>2023 £'000</b>	<b>2022 £'000</b>
On bank loans	509	208
Net interest on defined pension liability (note 23)	126	488
Net interest on enhanced pension liability	86	51
	<b>721</b>	<b>747</b>

**9a Access and participation spending – Group and College**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Access investment	192	166
Financial support to students	240	75
Disability support	64	74
Research and evaluation (relating to access and participation)	103	69
	<b>599</b>	<b>384</b>

**10 Tangible fixed assets (Group)**

	Land and buildings Long leasehold £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2022	91,287	38,025	488	129,800
Additions	27	4,603	4,064	8,694
Transfers	-	19	(19)	-
Disposals	-	(522)	-	(522)
<b>At 31 July 2023</b>	<b>91,314</b>	<b>42,125</b>	<b>4,533</b>	<b>137,972</b>
<b>Depreciation</b>				
At 1 August 2022	(21,058)	(28,122)	-	(49,180)
Charge for the year	(1,811)	(3,134)	-	(4,945)
Elimination in respect of disposals	-	498	-	498
<b>At 31 July 2023</b>	<b>(22,869)</b>	<b>(30,758)</b>	<b>-</b>	<b>(53,627)</b>
<b>Net book value at 31 July 2023</b>	<b>68,445</b>	<b>11,367</b>	<b>4,533</b>	<b>84,345</b>
Net book value at 31 July 2022	70,229	9,903	488	80,620

**Tangible fixed assets (College)**

	Land and buildings Long leasehold £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2022	91,287	37,553	487	129,327
Additions	27	4,603	4,064	8,694
Transfers	-	19	(19)	-
Disposals	-	(522)	-	(522)
<b>At 31 July 2023</b>	<b>91,314</b>	<b>41,653</b>	<b>4,532</b>	<b>137,499</b>
<b>Depreciation</b>				
At 1 August 2022	(21,058)	(27,874)	-	(48,932)
Charge for the year	(1,811)	(3,037)	-	(4,848)
Elimination in respect of disposals	-	498	-	498
<b>At 31 July 2023</b>	<b>(22,869)</b>	<b>(30,413)</b>	<b>-</b>	<b>(53,282)</b>
<b>Net book value at 31 July 2023</b>	<b>68,445</b>	<b>11,240</b>	<b>4,532</b>	<b>84,217</b>
Net book value at 31 July 2022	70,229	9,679	487	80,395

**11 Taxation**

The Governing Body do not believe that the Group was liable for any corporation tax arising out of its activities during either year.

## 12 Non-current investments

	College 2023 £'000	College 2022 £'000
Investments in subsidiary companies	1,119	1,119
<b>Total</b>	<b>1,119</b>	<b>1,119</b>

The College owns 100 per cent of the issued ordinary £1 shares of Northern Skills Group Business Services Limited, a company incorporated in England and Wales, with registered office address Dock Street, Middlesbrough, TS2 1AD. The principal business activity of the company is the contracting of staff to deliver education and training as part of the group activities.

In December 2019, the College acquired 100 per cent of the issued ordinary £1 shares of TTE Technical (UK) Limited, TTE International Limited and TTE Apprenticeships Limited, each company is incorporated in England and Wales, with registered office address Edison House, South Bank, Middlesbrough, TS6 6TZ. The principal activity of each company is the delivery of technical training as part of the group activities.

The College owns 100 per cent of the issued ordinary £1 shares of Northern Apprenticeship Company Limited, a company incorporated in England and Wales, with registered office address Dock Street, Middlesbrough, TS2 1AD. The principal business activity of the company is operating as and Apprenticeship Training Agency, employing apprentices engaged on training programmes.

The College owns 100 per cent of the issued ordinary £1 shares of Middlesbrough College Management Services Limited (dormant) a company incorporated in England and Wales, with a registered office address Dock Street, Middlesbrough, TS2 1AD.

The College owns 100 per cent of the issued ordinary £1 shares of University Centre Middlesbrough Limited (dormant) a company incorporated in England and Wales, with a registered office address Dock Street, Middlesbrough, TS2 1AD.

## 13 Intangible assets (Group)

	Goodwill £'000	Total £'000
Cost		
At 1 August 2022	694	694
Acquisitions	-	-
<b>At 31 July 2023</b>	<b>694</b>	<b>694</b>
Depreciation		
At 1 August 2022	(301)	(301)
Charge for the year	(69)	(69)
<b>At 31 July 2023</b>	<b>(370)</b>	<b>(370)</b>
Net book value at 31 July 2023	<b>324</b>	<b>324</b>
Net book value at 31 July 2022	393	393

The College held no intangible assets at 31 July 2023 (2022: £nil).

# 14 Trade and other receivables

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	382	138	561	413
Amounts owed by group undertakings	-	3	-	524
Prepayments and accrued income	4,710	4,295	3,637	2,789
Other debtors	1,000	1,000	-	-
<b>Total</b>	<b>6,092</b>	<b>5,436</b>	<b>4,198</b>	<b>3,726</b>

# 15 Creditors: amounts falling due within one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans	638	638	638	638
Trade creditors	873	848	691	671
Amounts owed to group undertakings	-	144	-	37
Other taxation and social security	614	477	601	468
Accruals and deferred income	2,745	2,593	2,860	2,573
Other creditors	605	551	429	380
Deferred income - government capital grants	2,263	2,263	1,867	1,867
Deferred income – non government capital grants	8	8	9	9
Amounts owed to the ESFA	739	719	541	515
<b>Total</b>	<b>8,485</b>	<b>8,241</b>	<b>7,636</b>	<b>7,158</b>

# 16 Creditors: amounts falling due after one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans	9,412	9,412	10,050	10,050
Other creditors	1,709	1,709	-	-
Deferred income – government capital grants	41,661	41,661	38,430	38,430
Deferred income – non government capital grants	26	26	35	35
<b>Total</b>	<b>52,808</b>	<b>52,808</b>	<b>48,515</b>	<b>48,515</b>



## 17 Maturity of debt

### (a) Bank loans

Bank loans and overdrafts are repayable as follows:

	<b>Group 2023 £'000</b>	<b>College 2023 £'000</b>	<b>Group 2022 £'000</b>	<b>College 2022 £'000</b>
In one year or less	638	638	638	638
Between one and two years	1,276	1,276	1,276	1,276
Between two and five years	1,914	1,914	1,914	1,914
In five years or more	6,221	6,221	6,860	6,860
<b>Total</b>	<b>10,049</b>	<b>10,049</b>	<b>10,688</b>	<b>10,688</b>

Bank loans are repayable by instalments between 1 August 2020 and 31 March 2030, totalling £10.049m. The lender is Santander on an unsecured basis. Interest is floating following the Sterling Overnight Interbank Average Rate “SONIA” plus a fixed margin of 1.45%.

## 18 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	<b>Group 2023 £'000</b>	<b>College 2023 £'000</b>	<b>Group 2022 £'000</b>	<b>College 2022 £'000</b>
<b>Assets measured at amortised cost:</b>				
Trade debtors	382	138	561	413
Amounts owed by group undertakings	-	3	-	524
	<b>382</b>	<b>141</b>	<b>561</b>	<b>937</b>
<b>Liabilities measured at amortised cost:</b>				
Trade creditors	873	848	691	671
Other creditors	605	551	429	380
Accruals	2,533	2,474	2,457	2,247
Amounts owed to group undertakings	-	144	-	37
Bank loans	10,049	10,049	10,688	10,688
	<b>14,060</b>	<b>14,066</b>	<b>14,265</b>	<b>14,023</b>

## 19 Provisions

Group and College	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2022	3,231	2,611	5,842
Expenditure in the period	(1,139)	(217)	(1,356)
Charge in the period	(11,028)	(222)	(11,250)
Less notional surplus not recognised	8,936	-	8,936
<b>At 31 July 2023</b>	<b>-</b>	<b>2,172</b>	<b>2,172</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

The enhanced pension provision relates to the cost of staff who have already left the College's employment.

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.80%	2.90%
Discount rate	5.00%	3.30%

## 20 Cash and cash equivalents (Group)

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	5,248	(1,476)	-	3,772
	<b>5,248</b>	<b>(1,476)</b>	<b>-</b>	<b>3,772</b>
<b>Borrowings</b>				
Debt due within one year	(638)	638	(638)	(638)
Debt due after one year	(10,050)	-	638	(9,412)
	<b>(10,688)</b>	<b>638</b>	<b>-</b>	<b>(10,050)</b>
<b>Total</b>	<b>(5,440)</b>	<b>(838)</b>	<b>-</b>	<b>(6,278)</b>

## 21 Capital commitments

	Group and College	
	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	7,974	123

## 22 Lease obligations

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

	<b>Group and College</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due:</b>		
<b>Land and buildings</b>		
Not later than one year	453	446
Later than one year and not later than five years	415	759
Later than five years	-	-
	<b>868</b>	<b>1,205</b>
<b>Other</b>		
Not later than one year	112	109
Later than one year and not later than five years	101	151
Later than five years	3	-
	<b>216</b>	<b>260</b>
<b>Total lease payments due</b>	<b>1,084</b>	<b>1,465</b>

## 23 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 Teesside Local Government Pension Scheme (LGPS) for non-teaching staff which is administered by Middlesbrough Council via the Teesside Pension Fund Committee Panel. Both are multi-employer defined-benefit plans.

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 2020 and of the LGPS 31 March 2022.

<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	2,251	2,124
Local Government Pension Scheme:		
Contributions paid	1,139	994
FRS 102 (28) charge	764	3,451
Charge to the Statement of Comprehensive Income (staff costs)	<b>4,154</b>	<b>5,575</b>
Enhanced pension charge to Statement of Comprehensive Income	15	15
<b>Total Pension Cost for Year</b>	<b>4,169</b>	<b>5,590</b>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

## 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 £222.2 billion giving a notional past service deficit of £39.8 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% from September 2019 to March 2024). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022 / 2023 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 £2.251m (2022: £2.124m).

## Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Teesside Pension Fund. The total contributions made for the year ended 31 July 2023 were £1.683m, of which employer's contributions totalled £1,270,000 and employees' contributions totalled £413,000. The agreed contribution rates for future years are 15.2% 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 (Hymans Robertson LLP).

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.00%	3.75%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.75%

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

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
	Years	Years
<i>Retiring today</i>		
Males	20.5	21.7
Females	23.5	23.5
<i>Retiring in 20 years</i>		
Males	21.3	22.9
Females	25.0	25.3

The College's asset allocation at the balance sheet date were:

	<b>Fair Value at 31 July 2023 £'000</b>	<b>Fair Value at 31 July 2022 £'000</b>
Equity instruments	39,839	35,547
Property	12,552	9,410
Cash	2,183	7,318
Other	-	-
<b>Total fair value of plan assets</b>	<b>54,574</b>	<b>52,275</b>

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
Fair value of plan assets	54,574	52,275
Present value of plan liabilities	(45,638)	(55,506)
<b>Net pensions asset/(liability)</b>	<b>8,936</b>	<b>(3,231)</b>
Less nominal surplus not recognised	(8,936)	-
<b>Net pensions asset/(liability) as recognised in these financial statements</b>	<b>-</b>	<b>(3,231)</b>

As the present values of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	1,892	3,451
Past service cost	11	-
Curtailment cost	-	-
<b>Total</b>	<b>1,903</b>	<b>3,451</b>

**Amounts included in interest payable**

Net interest payable	126	488
	<b>126</b>	<b>488</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	184	3,228
Experience (gains) / losses arising on defined benefit obligations	12,873	24,021
Less notional surplus not recognised	(8,936)	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>4,121</b>	<b>27,249</b>

**Movement in net defined liability during the year**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Net defined benefit liability in scheme at 1 August	(3,231)	(27,535)
Movement in year:		
Current service cost	(1,892)	(3,451)
Employer contributions	1,139	994
Past service costs	(11)	-
Curtailment cost	-	-
Net interest on the defined benefit liability	(126)	(488)
Actuarial gain	4,121	27,249
<b>Net defined benefit liability in scheme at 31 July</b>	<b>-</b>	<b>(3,231)</b>

**Asset and Liability Reconciliation**

	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>(55,506)</b>	<b>(75,341)</b>
Current service cost	(1,892)	(3,451)
Interest cost	(1,959)	(1,304)
Contributions by Scheme participants	(413)	(425)
Experience gains and losses on defined benefit obligations	12,873	24,021
Estimated benefits paid	1,270	994
Past Service cost	(11)	-
Curtailments and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b>(45,638)</b>	<b>(55,506)</b>

**Changes in fair value of plan assets**

<b>Fair value of plan assets at start of period</b>	52,275	47,806
Interest on plan assets	1,833	816
Return on plan assets	184	3,228
Employer contributions	1,139	994
Contributions by Scheme participants	413	425
Estimated benefits paid	(1,270)	(994)
<b>Fair value of plan assets at end of period</b>	<b>54,574</b>	<b>52,275</b>

## 24 Related party transactions

Owing 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.

The total expenses paid to or on behalf of the Governors during the year was £4,450, 7 Governors (2022: £2,795; 5 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

Stuart Green, an external member who was re-appointed in 2021/22, has the following affiliations:

- Newcastle City Council - During the year purchases of £13,838 (2022: £6,195) were made in relation to business rates. A balance of £4,158 (2022: £4,136) is included in the College's debtors at year end in relation to prepayments.
- Sunderland City Council, where during the year expenditure of £1,684 (2022: £125) were made in relation to business rates also.
- Durham University, where during the year expenditure of £200 (2022: £0) were made.
- South Tyneside Council, where during the year expenditure of £1,000 (2022: £0) were made.
- North Yorkshire County Council, where during the year expenditure of £4,600 (2022: £4,600) were made.

Both Stuart Green and John Morgan McClintock, who is a Councillor and was reappointed to the Board in 2020/21, have affiliations with Middlesbrough Council. Where during the year sales of £0 (2022: £38,212) were conducted, £10,000 (2022: £0) funding was received in relation to a wellbeing initiative and £0 (2022: £201,615) funding was received in relation to high needs students. Purchases of £215,212 (2022: £124,620) were also made in relation to business rates, car park rental and electricity recharges. The College also received £1.138m (2022: £1.004m) in capital grants. At the year-end a balance of £1.132m (2022: £385k) was included in the College's debtors and £143k (2022: £94k) included in the College's creditors.

Both Stuart Green and Aslam Hanif, an external member who was re-appointed in 2020/21, have affiliations with Cleveland Police, where during the year expenditure of £800 (2022: £0) were made. Aslam Hanif also has associations with NorthStar Housing, where sales of £55 (2022: £0) were conducted, which was in relation to employer contributions for apprenticeships.

Petrina Lynn, Vice Chair of Governors who was appointed to the board in 2020/21, has affiliations with the Tees Valley Combined Authority (TVCA) undertaking bid writing and reviewing policy documents, there is no conflict of interest as there is no involvement in any contract allocations. Dominic Lusardi, who joined the College's board in 2021/22, also has associations with the TVCA through the Creative Place Advisory Board. During the year sales of £623 (2022: £471) were conducted in relation to room hire and £4.988m (2022: £1.489m) funding was received in relation to AEB, Multiply and Skills Bootcamp. There was also an invoice of £261,898 (2022: £0) payable to the TVCA in relation to the recovery of AEB grants. At the year-end a balance of £494k (2022: £36k) was included in the College's debtors for accrued income in relation to funding.

Dominic Lusardi also has affiliations with Wander Films, where during the year sales of £1,150 (2022: £400) were conducted and purchases of £1,600 (2022: £2,900) were made.

Sharon Lane, Managing Director of Tees Components Limited was re-appointed in 2021/22. The College provides training and education to employees of the business under Apprenticeship training programmes in accordance with ESFA policy and guidelines. The business transactions are conducted at arm's length. During the year sales of £1,085 (2022: £839) and purchases of £1,000 (2022: £2,000) were made. Sharon is also the Chair of the Regional Advisory Board for Make UK where during the year purchases of £24,066 (2022: £33,749) were made for training courses, at the year-end a balance of £6k (2022: £8k) was included in the College's debtors in relation to prepaid licence fees.



Heather Ashton, Executive Director of Business Change and Improvement at Thirteen Group and also a Board Member the Northern Council for Education, joined the College's board in 2018/19. In respect of the Northern Council for Further Education, sales of £552 (2022: £229) were conducted and purchase of £122,135 (2022: £147,702) were made in relation to exams fees. At the year-end, a balance of £662 (2022: £0) was included in debtors for an outstanding invoice and a balance of £2,708 (2022: £0) was included in creditors for outstanding purchase invoices relating to exam fees. Both Heather Ashton and Jane Castor, who was appointed to the Board in 2022/23, have associations with Thirteen Group, as Jane is Chief Financial Officer. During the year sales of £859 (2022: £2,765) were made in relation to Thirteen Group and purchases of £3,000 (2022: £0) were conducted.

Rachel Anderson, Assistant Director of Policy at the North East Chamber of Commerce joined the board in 2018/19. During the year purchases of £8,550 (2022: £7,450) were made in relation to membership fees and sponsorship. At the year-end a balance of £0 (2022: £6,600) was included in the College's creditors.

Sara Mirsalehi, Operations Manager at Linx Youth Charity, was appointed to the board in 2022/23 and has affiliations with the Halo Project. During the year, purchases of £550 (2022: £0) were made.

Darush Dodds, Director of Corporate Affairs for ESH Group, was appointed to the board in 2022/23. During the year, purchases of £8,011 (2022: £720,624) were made in relation to the T Levels Construction Centre.

The College has had a range of transactions with TTE Technical Ltd, its wholly owned subsidiary company. The College has recharged for the provision of a range of miscellaneous goods and services that were made during the year totalling £0.402m (2022: £0.407m). In return TTE Technical UK Ltd has recharged the College £3.006m (2022: £2.332m) during the year, of which £2.021m (2022: £2.139m) in respect of the delivery of core funding, £0.371m (2022: £0.071) in respect of recharged goods and services, £0.516m (2022: £0.057m) in relation to staffing recharges, £88k (2022: £56k) in respect of the collection of course receipts by the College, £3k (2022: £3k) in respect of courses delivered on behalf of the College and £7k (2022: £6k) miscellaneous recharges. At the year end the College owed the Company £109k (2022: £426k – Company owed the College).

The College has also had a range of transaction with Northern Skills Group Business Services Ltd, its wholly owned subsidiary company. The College has recharged the Company £6.588m (2022: £4.954m) for the provision of staffing and £0.155m (2022: £0.160m) in respect of estates and finance costs. In return the Company has recharged the College £6.743m (2022: £5.114m) in respect of management recharges. At the year end the College owed the Company £0.058m (2022: £0.097m – Company owed the College).

The College has also had several transactions with TTE International Ltd, its wholly owned subsidiary company. The College has recharged for £20k (2022: 12k) for examination costs and general materials and also £0 (2022: £5k) with regards to a salary recharge. In return the Company has recharged the College £12k (2022: £16k) in reclaimed VAT as a result of the Company forming part of the College's VAT group and also £8k (2022: £0) for sales paid via Cardsave. At the year end the College owed the Company £8k (2022: £4k).

The College has also had one transaction with TTE Apprenticeships Ltd, its wholly owned subsidiary company. The College has recharged the Company £2,870 (2022: £1,654) with regards to audit fees. At the year end the Company owed the College £3,524 (2022: £654).

The College has also had one transaction with Northern Apprenticeship Company Ltd, its wholly owned subsidiary company. The College has recharged the Company £654 (2022: £654) with regards to audit fees. At the year end the Company owed the College £0 (2022: £654).

## 25 Amounts disbursed as agent

<b>Learner support funds</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Funding body grants – bursary support	1,429	1,099
Interest earned	-	-
	<hr/> 1,429	<hr/> 1,099
Disbursed to students	(1,192)	(1,012)
Administration costs	(55)	(55)
	<hr/> 88	<hr/> 223
Unspent balance carried forward from prior year		
<b>Balance unspent as at 31 July, included in creditors</b>	<hr/> <b>270</b> <hr/>	<hr/> <b>255</b> <hr/>

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.

## 26 Post Balance Sheet Events

There are no events after the reporting period.