

Middlesbrough
College

Report and Financial Statements
for the year ended 31 July 2024

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 2023/24:

Zoe A Lewis, Principal and CEO; Accounting Officer
Ben Robinson, Deputy Principal / CEO
Mike Russell, Vice Principal Finance and Registry (Resigned 19/07/2024)
Oliver Rodley, Vice Principal Quality and Standards
Aimey Adamson, Vice Principal Students and Communications
Sara Marshall, Vice Principal Campus and Digital Services
Kelly Parkinson, Vice Principal Human Resources
Gary Potts, Vice Principal Business Innovation, Business Engagement and Partnerships

Board of Governors

A full list of Governors is given on pages 20-23 of these financial statements.

Zeta Foster acted as Clerk to the Corporation for the period to 31 July 2024.

Registered Office Address:

Middlesbrough College
Dock Street
Middlesbrough
TS2 1AD

Professional advisers

Financial statements and regularity auditor:

Forvis 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 2023-24 proved to be one of the most successful in the college's long and proud history.

Our prior year investments and prioritisation in supporting and developing both our staff and students through our thrive programmes, was positively acknowledged through a range of external awards, inspections and accolades.

Ofsted visited the college in February 2024 and awarded a GOOD overall judgment with six Outstanding subcategories including for our adult, apprenticeship and high needs provisions, and for the behaviour and attitudes, and personal development of our students as well as the overall leadership and management of the college. Pleasingly, the college also secured a STRONG judgment for the new enhanced inspection which assesses how well we respond to our labour market and skills needs in the region.

The Association of Colleges also awarded us a prestigious Beacon Award for our Careers and Enterprise service; we secured a number of Equality and Inclusion awards; and towards the end of the academic year Investors in People (IiP) awarded the college a GOLD rating, highlighting many strengths including the manner in which our values, strategic mission and pride in our purpose is shared and demonstrated across our workforce.

Strategically, the college continues to forge strong partnerships with employers and stakeholders to support inward investors and local skills priorities. We are carefully planning for the ongoing rise in the number of school leavers and in doing so are leading 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 Eg(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.
- Completed an ambitious £14m development plan to relocate **TTE** from its current aged leased site in South Bank to our main campus (2024).
- Delivered priority investments from the Levelling up Partnerships Fund (LUP) and Towns Fund to secure the future of our adult learning through acquisition of a new **Adult Learning Centre** along with

investments in **Health and Care, electric vehicles, welding expansion, retrofit courses** and support for our SEN students (2024),

In spite of such an extensive and ongoing strategic investment plan, we are delighted to have achieved a 'Good financial health' rating in 2023/2024 and to have prepared future plans which aim to retain this whilst increasing our cash balances over time.

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.

With a new government at the helm, the College is confident that working with our local partners, we can support the five new government missions 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.



Zoe Lewis CBE
Principal / Chief Executive
16 December 2024

NATURE, OBJECTIVES AND STRATEGIES

The Members present their report and the audited financial statements for the year ended 31 July 2024.

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 (dormant)** 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 2023 / 2024 was "To develop skills, knowledge and behaviours that help individuals to thrive and enhance the region's economic and social prosperity".

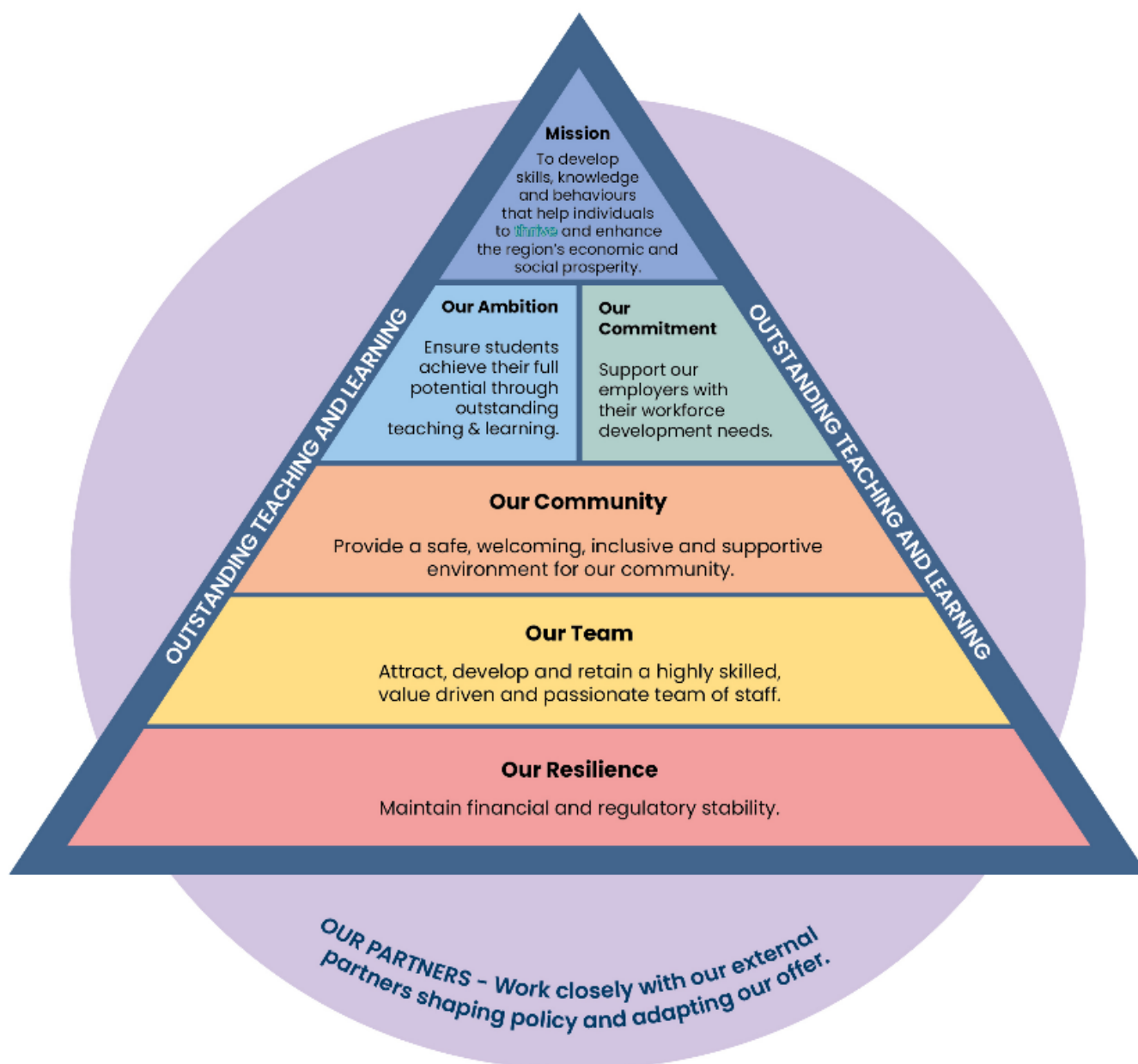
Strategic Aims and Priorities

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 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 a leading 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.

TAKE RESPONSIBILITY
AIM HIGH
RESPECT OTHERS
WORK HARD
DO WHAT'S RIGHT
CHALLENGE YOURSELF
TAKE PRIDE

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 £4m.
- 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 remain below benchmarks as illustrated below:

Financial Objective / Benchmark	31 July 2024 Actual
"Good" Financial Health	Good
Meet bank covenants	All met
Operating surplus set and delivered	(£0.3m)
Sector Specific EBITDA >= £4m	£3.854m
Annual capital >= £2m	£15.9m
Current ratio >1	1.7
EBITDA >7%	6.95%
Borrowings to income <35%	24.3%

The target EBITDA percentage was narrowly missed by 0.5 percentage points in year. This is attributed to the ongoing impacts of unprecedented cost inflation in recent years in particular in relation to exam and registration costs.

These operating pressures also drove the reported operating deficit of £0.3m 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 investing £15.9m in the year. The majority of this spend was in relation to the relocation of TTE project.

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 £0.2m** – Funding was provided by DfE and was used to purchase specialist equipment needed to deliver the new T- level strands.
- **Skills Injection Fund - £0.683m** – Funding was provided by DfE in conjunction with Institute of Technology to fund set up of new HTQ qualifications.
- **TTE relocation project £8.7m** – During the year, the College continued with its 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 is substantially complete with students using the facility from the start of the 2024/25 academic year.

- **LSIF Funding £0.315m** - During the year funding was provided by the DfE via the Local Skills Improvement Fund to respond to the priorities set out in the Local Skills Improvement Plan (LSIP), the College invested in new facilities and equipment to develop new course and curriculum delivery.
- **Levelling Up - £5.9m** – During the year the College utilised these funds to purchase Russell Street accommodation which will house expanded adult provision in future years, in addition to improvements to existing buildings.

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.

Positive learner destinations reflect the positive impact of the College's curriculum. Positive destinations and progression rates are evident across all provision types, including for Young People, Adults, Apprentices, and High Needs learners. The curriculum is designed to provide all students with the knowledge and skills required to progress to employment, further study, or Higher Education. Given the local context of high unemployment and deprivation, this achievement is especially significant. The overall positive destinations data highlights the success of the curriculum in preparing learners for their next steps.

The college places great emphasis on inclusion and diversity, fostering learners' understanding of different cultures and perspectives. Through events such as Black History Month, Pride, and Eid celebrations, students embrace both commonalities and differences, while showing respect for all protected characteristics. Learners consistently report that the college promotes respect for individuals of various faiths and beliefs. This inclusive culture has a deep impact on students, preparing them to thrive in a diverse society while fostering an environment of acceptance and mutual respect.

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 23 was held over 5 days in September 2023 with approx. 30 external organisations being present throughout the week to provide a variety of entertainment, food and informative services including Brook and Cleveland Police.
- We held a successful student leader conference in November 23 with a range of activities aimed at developing leadership skills for Middlesbrough College class reps and directorate reps. Workshops included masterclass sessions on public speaking and communication, personal storytelling and resilience and team building/enterprise.
- Class and Directorate Representatives were elected and appointed in November. 4 Cross College Council Meetings took place across the academic year to ensure that all student voice feedback was tracked, and capital expenditure assigned to the areas requiring the most resource or change.
- The College recruited 15+ student ambassadors to support cross college events and represent the student body throughout the year.
- 235+ class representatives were voted and appointed by their peers.
- Two Student Governors and one deputy were appointed for 2023/24.

- We have welcomed the following agencies in to inform and educate young people around a range of wellbeing themes.
 - Headlight – Awareness of Suicide
 - Aim a Little Higher – Motivational Speaker
 - Prison, Me? No Way – PMNW
 - Sexual Health Workshops – Brook
 - Brit Challenge
 - Behaviour Workshop - Cleveland Police
 - Army Advantage Phase 1 – British Army
 - Fraud Foundation Workshop – NEROCU
 - Hate Crime Awareness sessions – Cleveland Police
 - Anti-Social Behaviour Awareness - Cleveland Police
 - County Lines – Cleveland Police
 - Cyber Crime – Cleveland Police
 - Parliament Awareness sessions (30th April 2024)
 - MC6 Knife Crime Workshop (29th, 30th April 2024, 15th, 16th, 17th May 2024)
 - Drug and Alcohol - Cleveland Fire Brigade (8th May 2024)
 - Wellbeing Festival (14th & 15th May 2024)
 - Festival Safety (15th May 2024)
- The Enrichment offer was delivered and had over 12,847 attendances for 3,557 individuals 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) (until July 2024) and satellite locations in Newcastle and other north east towns.

Financial

At 31 July 2024 the Group had £30.5m of net assets (31 July 2023: net assets of £31.1m), cash at bank of £4.4m (31 July 2023: £3.8m), loan balances of £14.1m (2023: £10.0m) and no defined benefit pension liability (31 July 2023: £-m).

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 increased by £0.7m as the College continues to hold cash at the year end which relates to capital grants and will be utilised during the completion of ongoing capital projects, including the TTE relocation project.

People

During the year, the Group employed an average of 1,074 people (FTE 798) of whom 572 (FTE 407) are teaching staff. (2022/23: 1,101 (FTE 782) and 592 (FTE 398) respectively).

Student numbers

The Group enrolled approximately 11,404 students. The student population included 4,533 16-18 year old students, 1,699 apprentices, 584 higher education students and 4,441 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 / North East 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 20-23.

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

Financial results

The Group delivered an underlying deficit in the year of £342k, (after adjusting for non-cash pension entries) and EBITDA was £3.409 in the year (2023: £0.685m deficit and £2.75m respectively):

	2024
	£'000
Underlying earnings reconciliation	
Total comprehensive income	(593)
Less actuarial gain/(loss)	(302)
Deficit before tax	(291)
Adjusted for:	
FRS102 service charge	146
Enhanced pension provision movement	97
Pension interest	(448)
Enhanced pension interest	109
Holiday pay accrual movement	45
Total adjustments	(51)
Underlying operating deficit	(342)
Net bank interest payable	607
Capital grant amortisation	(2,442)
Depreciation and amortisation	5,659
Loss/(profit) on disposal of fixed asset:	(73)
Sector specific EBITDA	3,409

The Group had budgeted an overall underlying surplus of £0.1m in 2023/24. 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 exam costs and as well as market driven increases to expenditure including pay costs.

Income for the Group increased by £5.4m to £57.9m (2023: £52.5m). 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 2024 this funding accounted for 82% of the Group's total income (excluding release of capital grants) (2023: 81%). In particular:

- **Education and Skills Funding Agency - 16-18.** The group was funded by the Education & Skills Funding Agency (ESFA) for 4,400 learners aged 16-18 equating to £31.8m of programme funding (2022/23 4,103 learners £28.4m). Actual recruitment in 2023/24 was above allocation at 4,533 learners.
- **Tees Valley Combined Authority – Adult.** The College's Adult Education delivery funded by the Tees Valley Combined Authority was £6.2m.
- **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 delivered Apprenticeships of £6.0m for 2024.

	2024	2023
Group financial position	£'000	£'000
Net assets	30,504	31,097
Defined benefit obligations	0	0
Net assets (excluding defined benefit obligations)	30,504	31,097
Tangible fixed assets	94,679	84,345
Borrowings	(14,112)	(10,049)
Cash	4,445	3,772
Net (debt) / funds	(9,667)	(6,277)

In 2023 actuaries calculated a pension asset (Defined benefit obligations) of £8.9m in relation to the Colleges section of the Teesside Local Government Pension Scheme. 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. In the current year, due principally to continued changes in market interest rates, the actuaries calculate a pension asset of £12.5m. Accordingly, the College continues to not recognise the pension asset in the accounts.

Cash flows and Liquidity

The College's £15.9m investment in fixed assets has driven an overall £10.3m increase in tangible assets in 2024 (after £5.6m depreciation). The College contributed £2.4m of this expenditure from in-year earnings and cash reserves. Cash at the year end has increased to £4.4m due to capital grants held at the year end.

During the year the College drew down a DfE loan of £4.8m to part fund construction of the new TTE building at the Middlehaven site.

Net debt at 31 July 2024 was £9.7m (2023: £6.7m). The increase in net debt is due to the draw down of the DfE loan during the year.

At the year-end the College had £9.4m outstanding borrowings from a 16 year £13.4m loan facility with Santander (which matures in 2030). During the year, loan interest of £0.7m was incurred (2023: £0.5m), at a floating rate following SONIA plus a fixed margin of 1.45% resulting in an average interest charge of 6.5% across the year (2023: 4.9%). 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 2024. 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 February 2024) 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 makes a strong contribution to meeting skills needs.

"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, 2024/2025, is in excess of the Colleges ESFA allocation by 280 funded learners and overall income is anticipated to be above the budget level.

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. An expected reduction in HE and apprenticeship income is offset by additional funding for Skills Bootcamp provision.

In respect of operating costs, the budget for the year was set in early 2024 at a time when energy costs were decreasing. The budget incorporates this decrease and is being achieved to date. Other cost pressures still exist such exam and registration costs, which are rising at above budget levels. Colleges did not receive an additional pay grant, unlike academies and schools, leading to further pressure on pay costs within the sector.

Against this context the College considers that it will be able to meet the targets set in its financial plan.

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 2024, the Group had available to it £2.57m of cash at bank.

The College expects to retain its ESFA financial health score within the “Good” classification through 2024/25 and considers that the College’s 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.
- Impact of post-16 qualifications reform.
- 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 maintain adequate cyber security provisions.
- Failure to provide an environment that conforms to relevant health and safety regulations.
- Failure to ensure compliance with legal, regulation, statutory and governance requirements.
- Failure to engage effectively and develop progressive partnerships with employers.
- Failure of Quality Assurance to adequately identify and report poor performance.
- Reduced standards of behaviour result in fewer students reaching their potential.
- Impact of the cost-of-living crisis on the circumstances of our students and 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.
- 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 2023 to 31 July 2024 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 2023 / 2024 is set out below:

Numbers of employees who were relevant union officials during the period	2
FTE employee number	1.55

Percentage of time	Number of employees
0%	0
1-50%	2
51-99%	0
100%	0

Total cost of facility time	£19,103
Total pay bill	£34,009,036
Percentage of total bill spent on facility time	0.06%

Time spent on paid trade union activities as a percentage of total paid facility time	32.68%
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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 23 October 2023 and is available on the College website at: 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 16 December 2024 and signed on its behalf by:



Mr Robert Davies
Chairman of Governors
16 December 2024

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 2023 to 31 July 2024 and up to the date of approval of the annual report and Financial Statements on the 16 December 2024.

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 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.

The Colleges Financial Handbook came out in March 2024 and the College SLT and governance reviewed the handbook against the current Financial Regulations of the College and confirmed consistency with current College policy and practice with this being reported and discussed at both Audit and Risk and Corporate Services Committee meetings during the summer term. Further consideration by both committees on developments under the Procurement Act would take place over 2024-2025.

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 10 October 2024 and confirmed at the Governing Body meeting of 21 October 2024 for the period 1 August 2023 to 31 July 2024.

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. A fully revised Code was adopted in March 2024 for use as of 1 August 2024.

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.

The corporation has met its statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of their assets over 2023-2024.

All elements are firstly discussed through the remit of the Corporate Services committee as detailed below:

Excerpt from the Terms of Reference:

To ensure the organisation prepares and delivers a five-year financial plan and financial strategy which ensures its solvency, sound financial health and which delivers the organisation's overall strategic objectives.

To make recommendations to the Governing Body on:

1. The annual estimates of income and expenditure - July meeting
2. Major variations of expenditure – at each meeting
3. Capital expenditure and strategic investment plans – every meeting
4. Budgetary and Final Pay Awards – budget July and Pay Awards December
5. Five year financial strategy – July meeting
6. Cash flow, Bank Loans and Treasury management arrangements – ongoing and in relation to bank loans and treasury at the December meeting

Review arrangements for securing value for money, solvency and safeguarding of assets.

Determine and make amendments to the College's Financial Regulations, Fees Policy, Investment Policy and Treasury Management Policy – December meetings.

Monitor the Financial Health of the Corporation – at every meeting.

Thereafter, the Governing Body approve the recommendations from the Corporate Services Committee (which is both a recommendations sheet and brief precise of the detail of the meetings) on the above at the appropriate Governing Body meeting and this took place as per the cycle of business for the year 2023-2024, therefore the

pay awards, treasury management and bank loan approvals were approved at the 18 December 2023 meeting of the Governing Body, capital expenditure and investment plans were approved as required throughout the year (with regular updates), and the annual estimates of income and expenditure and budget approved at the July meeting 2023.

At the July meeting of the Governing Body, it was confirmed that all committees performed effectively against their remit and cycle of business.

Over 2023-2024 the Corporation was appraised of the College’s Financial Handbook 2024 through the Corporate Services and Audit and Risk Committees and full Governing Body, with confirmation that there had been a full review of the College’s policies, procedures and approval processes to in line with the new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required. In addition, in December 2023, the Remuneration Committee were fully appraised of the expectations on Senior Staff pay in light of the reclassification into the public sector.

The Corporation, through the Corporate Service Committee in the first instance, have also been proactive in relation to future changes, most notably in respect of Procurement, where a regular item on procurement has been included on all agendas in 2024-2025 which will feed through to the Corporation Board, including for December 2024, the consideration and approval of a distinct Procurement Policy.

The corporation’s performance, including its assessment of its own effectiveness

The Corporation’s performance is assessed at every Governing Body meeting through reporting of the Strategic Plan and update on the Corporate KPIs. This is also supported with the Principal’s/CEO’s report and Strategic Risks report.

The Governing Body are directly involved with the validation of the College Self Assessment process, and this takes place annually, for the academic year 2023-2024 this was 11 November 2024, with formal approval of the College Self Assessment by the Governing Body on 16 December 2024.

As outlined in the self assessment section, the Corporation has its own self assessment, which is monitored throughout the year by the Search and Governance Committee with regular updates coming through the Governing Body. At the October meeting of the Governing Body an update on the previous year is approved alongside areas for improvement/development for the forthcoming year. This assessment took place on 21 October 2024 for 2023-2024. The complete Governance Self Assessment Report (SAR) for 2023-2024 with the overall score of ‘Good’ was formally approved at the Governing Body meeting of 16 December 2024.

Governors serving on the Governing Body during 2023-2024 and up to 16 December 2024.

Governors appointed in 2023-2024 and up to 16 December 2024 have been highlighted (shaded) where appropriate.

* denotes date of re-appointment

** denotes Chair of Committee

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees Served	Attendance (1 August 2023 to 31 July 2024)
Rachel Anderson	*21 March 2023 (2 nd term)	20 March 2027		College Governor	Audit and Risk Employer Voice	75%
Imran Anwar	25 September 2023	24 September 2027		College Governor	Corporate Services Employer Voice	40%

Jane Castor	26 September 2022	26 September 2026		College Governor	Corporate Services (**) as of 23 Oct 23 Search and Governance Remuneration	86%
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	29%
Robert Davies (Chair of Governors 1 August 2023 to 31 July 2025)	31 July 2017 (2 nd 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		College Governor	Corporate Services Remuneration Search and Governance (**) Higher Education Selection (Senior Posts) (**) Settlement (**)	100%
Darush Dodds	13 July 2023	12 July 2027	Resigned 20 February 2024	College Governor	Curriculum and Standards	100%
Taylor Edgcombe	13 July 2023	31 July 2024		Student Governor	N/A	71%
Marina Gaze	*1 November 2019 (2 nd term of office)	31 October 2023 *Further extended to 18 March 2024	-	College Governor	Curriculum and Standards	57%
Marina Gaze	21 October 2024	20 October 2028	-	College Governor	Curriculum and Standards	57%
Andy Hassack	11 July 2024	10 July 2028		College Governor	Curriculum and Standards	100%
Malcolm King	15 December 2022	14 December 2024	Moved to Co-opted Governor 11 July 2024	College Governor	Audit and Risk	50%
Edward Kunonga	16 December 2021	15 December 2025	Resigned 11 July 2023	College Governor	N/A	N/A%
Michael Laidler	15 July 2023 (2 nd Term of Office)	14 July 2027 (End of Term)	Moved to Co-opted Governor 5 May 2023	College Governor	N/A	N/A
Mathew Lamb	1 August 2022	31 July 2026		College Governor	Corporate Services	70%

Sharon Lane	18 October 2022 (2 nd Term of Office)	17 October 2026	Moved to Co-opted Governor 21 October 2024	College Governor	Curriculum and Standards Employer Voice(**)	50%
Zoe Lewis	26 September 2013	-	-	Principal / Chief Executive (Accounting Officer)	Corporate Services Search and Governance Selection (Senior Posts). Curriculum and Standards Higher Education	100%
Dominic Lusardi	16 December 2021	15 December 2025		College Governor	Corporate Services Employer Voice	82%
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%
Olivia-Rose Manners	11 July 2024	31 July 2025		Student Governor	N/A	N/A
Morgan McClintock	*19 October 2024 (2 nd Term of Office)	18 October 2028		College Governor	Search and Governance Audit and Risk Higher Education (**)	100%
Sara Mirsalehi	15 July 2023 (2 nd Term of Office)	14 July 2027		College Governor	Corporate Services Remuneration (**) Search and Governance	71%
Beverley Murphy	1 October 2024	30 September 2028		College Governor	Curriculum and Standards	N/A
Aga Pajura-Jaszczak	17 October 2022	16 October 2026		Staff Governor	Corporate Services	100%
Phil Sharp	*22 March 2024 (2 nd Term)	22 March 2028		College Governor	Corporate Services	70%
Daniel Still	*17 October 2023 (2 nd Term)	16 October 2027		Staff Governor (Academic)	Curriculum and Standards	91%
Peter Studd	*13 July 2019 (2 nd term of office)	12 July 2023 *Extended to 13 July 2023	-	College Governor	Corporate Services (**) Search and Governance Special Appeals (Senior Postholders)(**)	N/A

John Tait	26 September 2022	25 September 2026		College Governor	Curriculum and Standards	45%
Ian Wallace	24 October 2023	23 October 2027		College Governor	Audit and Risk Remuneration	80%
Macy Wild	15 December 2022	31 July 2024	Resigned 18 May 2023	Student Governor	N/A	N/A
Laura Woods	24 October 2023	23 October 2027		College Governor	Curriculum and Standards Higher Education	90%
Iain Wright	14 December 2021 (2 nd Term)	13 December 2025	-	College Governor	Audit and Risk (***) Remuneration Search and Governance	67%

Overall Attendance - 1 August 2023 to 31 July 2024 (excluding Co-opted Governors)

	Attendance Rate (Percentage)
Overall Attendance	75%

Governing Body Attendance - 1 August 2023 to 31 July 2024 (excluding Co-opted Governors)

	Attendance Rate (Percentage)
Governing Body	82%

Committee Attendance – 1 August 2023 to 31 July 2024 (excluding Co-opted Governors)

	Attendance Rate (Percentage)
Audit and Risk	74%
Corporate Services	85%
Curriculum and Standards	74%
Employer Voice	100%
Higher Education	100%
Remuneration	100%
Search and Governance	75%

Audit and Risk Committee meetings – 1 August 2023 to 31 July 2024

Four meetings are scheduled across the academic year with attendance detailed as below:

All meetings were fully quorate.

GOVERNORS (5)	29.09.23	08.12.2023	08.03.2024	21.06.2024	TOTAL ATTENDANCE OVER ACADEMIC YEAR
Iain Wright - Chair	Y	y	y	y	100% (4/4)
Rachel Anderson – Vice Chair	Apols	Apols	y	y	50% (2/4)
Malcom King	Apols	y	Apols	Apols	25/5 (1/4)
Morgan McClintock	Y	y	y	y	100% (4/4)
Ian Wallace (24.10.23)	-	y	y	y	100% (3/3)
TOTAL	2/4	4/5	4/5	4/5	74% / (14/19)
CO-OPTED GOVERNORS (2)					
David Budd	Y	y	y	y	100% (4/4)
Ashley Coleman Cooke	Y	y	y	y	100% (4/4)
TOTAL	2/2	2/2	2/2	2/2	100% (8/8)
COMMITTEE TOTAL	4/6	6/ 7	6/7	6/7	81% (22/27)

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 Employer Voice Committee was approved on 23 October 2023 and terms of reference were approved in July 2024 after the inaugural meeting in June 2024. The latest version of the Committee Structure is available on the Governors’ Website.

The Committee Structure as of the 31 July 2024 is:

- Appeals (*Senior Post-holders*)
- Audit and Risk
- Corporate Services
- Curriculum and Standards
- Employer Voice
- 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 16 December 2024.

Co-opted Governor	Name of Committee(s) Served
Stephen Brown	Corporate Services Committee <i>(Appointed 16 December 2021 for a period of four years to 15 December 2025)</i>
David Budd	Audit and Risk Committee <i>(Appointed 13 July 2023 for an initial period of two years to 13 July 2025)</i>
Caroline Cannon	Curriculum and Standards Committee <i>(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)</i>
Ashley Coleman Cooke	Audit and Risk Committee <i>(Appointed 15 December 2022 for a period of four years to 14 December 2026)</i>
Aslam Hanif	Equality and Diversity Committee <i>(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)</i>
Michael Laidler	Safeguarding Committee/Link Governor <i>(Appointed 5 May 2023 until 31 July 2024)</i>
Sharon Lane	Curriculum and Standards <i>(Appointed from 21 October 2024 for a period of four years to 20 October 2028)</i>
Malcolm King	Audit and Risk Committee <i>(Appointed from 11 July 2024 for a period of four years to 10 July 2028)</i>

Co-opted Governors Attendance – 1 August 2023 – 31 July 2024

Name of Co-opted Governor	Attendance Rate (Percentage) For both Committee and GB Strategic Sessions	Attendance Rate (Percentage) for Committee
Ms Melissa Brant-Smith <i>(Appointed 13 July 2023)</i> Resigned 22 September 2023	N/A	N/A
Mr Stephen Brown <i>(Appointed 16 December 2021)</i>	50%	33%
Mr David Budd <i>(Appointed 13 July 2023)</i>	86%	100%
Ms C Cannon <i>(Appointed 22 March 2021)</i>	29%	50%
Mr Ashley Coleman Cooke <i>(Appointed 15 December 2022)</i>	86%	100%
Mr A Hanif <i>(Re-appointed 6 July 2021)</i>	N/A	N/A
Mr Michael Laidler <i>(Appointed 5 May 2023)</i> Resigned 31 July 2024	N/A	N/A

Ms Sharon Lane (Appointed 21 October 2024)	N/A	N/A
Ms Emma Rennison (Appointed 17 October 2022) Resigned 9 November 2023	0%	N/A
Mr M King (Appointed 11 July 2024)	N/A	N/A
Miss S Shepherd (Re-appointed 1 August 2020) End of Term of office 31 July 2024	50%	67%
Total	59%	72%

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

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 2023-2024 the Governing Body self-assessed itself as a Grade 2, with the Governance Self-Assessment Report being approved on the 16 December 2024. This document highlighted a number of strengths and areas for improvement and included areas from the action plan of the External Review the previous April (2023).

Copies of both documents are available from the Head of Governance.

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 \(mbro.ac.uk\)](#) The Action Plan has been attended to with progress monitored through the Governance Areas for Improvement and Areas for Development 2023-2024 by the Search and Governance Committee and wider Governing Body at regular intervals.

Governing Body and Head of Governance Training

Governors' training over 2023-24 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 2024 this included a presentation from the Tees Valley Business Board, LSIP/LSIP progress update from the NECC; safeguarding and proclaim training, and workshop/updates on stakeholder engagement, the accountability agreement and curriculum review, the annual report and an Ofsted update.

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 attended the AoC Finance and Audit Network meetings, and our Staff Governors attend the AoC's Staff Governor Network of which our Curriculum Staff Governor is Chair. Student Governors attended the AoC Student Annual Conference and various other AoC led student activities throughout the year and a number of governors also attended the AoC Governance Conference on funding and financial challenges with the Chair and Principal leading a session. The Principal and Head of Governance also contributed with a short session at the AoC Governance Professionals Expert level programme in October 2024.

All new governors are encouraged to attend the AoC induction sessions in addition to College organized induction processes.

The Head of Governance took part in regular development activities throughout 2023-24 to ensure continued relevant support to the Governing Body (including legal updates from Eversheds and Morgan Hunt, AoC Audit Masterclass; AoC Governance Professional regional meetings; various webinars by the Good Governance Institute (GGI), AoC governance specific development including risk management and board development, attendance at the AoC Just One Thing – People and Culture event, amongst others) and this was reported to the Remuneration Committee in detail in December 2024.

As supported by the Remuneration Committee, the Head of Governance is also taking part in the ETF/IOD Governance Professional's Leadership Programme in January 2025.

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 2024, 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 six members of the Governing Body as at 31 July 2024, 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 2024.

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

Details of remuneration for the year ended 31 July 2024 are set out in note 7 of the 2023-2024 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 three Co-opted Governors as at 31 July 2024.

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, Employer Voice 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 2024 and up to the date of approval of the 2023-2024 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 2024 and up to the date of approval of the 2023-2024 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 21 June 2024.

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 2023-2024 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 (*Forvis Mazars*), Regularity Auditor (*Forvis 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 16 December 2024 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Senior Leadership Team and Internal Audit and taking account of events since 31 July 2024.

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 16 December 2024 and signed on its behalf by:



Mr Robert Andrew Davies
Chair of Governors
16 December 2024



Mrs Zoe Lewis
Principal / Chief Executive (*Accounting Officer*)
16 December 2024

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 the college's accountability agreement, funding agreements and contracts with ESFA and DfE, 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 college's accountability agreement, funding agreements and contracts with ESFA and DfE, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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



Mrs Zoe Lewis
Accounting officer
16 December 2024

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
16 December 2024

Statement of Responsibilities of the Members of the Corporation

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate (which must be consistent with other disclosures in the accounts and auditor's report), and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, 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, DfE and other public bodies are not put at risk.

Approved by order of the members of the corporation on 16 December 2024 and signed on its behalf by:



Mr Robert Davies, Chair of governors

Independent auditor’s report to the members of Middlesbrough College

Opinion

We have audited the financial statements of Middlesbrough College (the ‘College’) and its subsidiaries (collectively the ‘Group’) for the year ended 31 July 2024 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 Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group’s and College’s affairs as at 31 July 2024 and of the Group’s and College’s deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the 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.

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. 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

In light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body and Statement of Corporate Governance and Internal Control.

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
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 33, 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. 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 20 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne NE1 1DF


Forvis Mazars LLP
Forvis Mazars LLP (Dec 28, 2024 11:20 GMT)

28/12/2024

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 10 July 2024 and further to the requirements and conditions of funding in ESFA and DfE’s accountability agreements, 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 2023 to 31 July 2024 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 2023 to 31 July 2024 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.

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 accountability agreements, grant funding agreements and contracts with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College’s whistleblowing policy.
- Reviewed the College’s compliance with the requirements of HM Treasury’s “Managing Public Money” document.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Forvis Mazars LLP

[Forvis Mazars LLP \(Dec 28, 2024 11:20 GMT\)](#)

Forvis Mazars LLP

28/12/2024

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	50,048	50,019	43,156	43,085
Tuition fees and education contracts	3	4,219	3,931	5,495	5,111
Other grants and contracts	4	1,074	994	1,868	1,660
Other income	5	2,353	2,963	1,900	2,031
Investment income	6	197	189	109	103
Total income		57,891	58,096	52,528	51,990
EXPENDITURE					
Staff costs	7	35,683	26,452	32,425	24,484
Restructuring costs	7	56	56	260	206
Other operating expenses	8	16,392	25,643	15,596	23,241
Depreciation & amortisation	10, 13	5,659	5,495	5,014	4,849
Interest and other finance costs	9	465	465	721	721
Total expenditure		58,255	58,111	54,016	53,501
Deficit before other gains and losses		(364)	(15)	(1,488)	(1,511)
Gain / (Loss) on disposal of assets		73	(17)	(26)	(26)
(Deficit) / surplus before tax		(291)	(32)	(1,514)	(1,537)
(Deficit) / surplus for the year		(291)	(32)	(1,514)	(1,537)
Actuarial gain in respect of pension schemes	23	(302)	(302)	4,121	4,121
Total Comprehensive Income for the year		(593)	(334)	2,607	2,584
Represented by:					
Unrestricted comprehensive income		(593)	(334)	2,607	2,584
		(593)	(334)	2,607	2,584

The Group deficit for the year of £0.6m includes the following:

- an underlying deficit of £0.3m (including the impact of non-recurring restructuring costs of £0.06m); and,
- non-cash adjustments of £0.15m relating to pension accounting (£0.1m) and holiday pay accruals (£0.05m).

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
Group	
Balance at 1 August 2022	28,490
Deficit from the income and expenditure account	(1,514)
Other comprehensive income	4,121
Total comprehensive income for the year	<u>2,607</u>
Balance at 31 July 2023	<u>31,097</u>
Deficit from the income and expenditure account	(291)
Other comprehensive income	(302)
Total comprehensive income for the year	<u>(593)</u>
Balance at 31 July 2024	<u><u>30,504</u></u>
 College	
Balance at 1 August 2022	28,374
Deficit from the income and expenditure account	(1,537)
Other comprehensive income	4,121
Total comprehensive income for the year	<u>2,584</u>
Balance at 31 July 2023	<u>30,958</u>
Deficit from the income and expenditure account	(32)
Other comprehensive income	(302)
Total comprehensive income for the year	<u>(334)</u>
Balance at 31 July 2024	<u><u>30,624</u></u>

Balance Sheets as at 31 July 2024

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Non current assets					
Tangible fixed assets	10	94,678	94,648	84,345	84,217
Intangible assets	13	255	-	324	-
Investments	12	-	1,119	-	1,119
		94,933	95,767	84,669	85,336
Current assets					
Stocks		41	41	29	27
Trade and other receivables	14	5,266	5,138	6,092	5,436
Cash and cash equivalents	20	4,445	4,105	3,772	3,380
		9,752	9,284	9,893	8,843
Creditors – amounts falling due within one year	15	(9,504)	(9,750)	(8,485)	(8,241)
Net current assets		248	(466)	1,408	602
Total assets less current liabilities		95,181	95,301	86,077	85,938
Creditors – amounts falling due after more than one year	16	(62,628)	(62,628)	(52,808)	(52,808)
Provisions					
Defined benefit obligations	19	-	-	-	-
Other provisions	19	(2,049)	(2,049)	(2,172)	(2,172)
Total net assets		30,504	30,624	31,097	30,958
Unrestricted Reserves					
Income and expenditure account		30,504	30,624	31,097	30,958
Total unrestricted reserves		30,504	30,624	31,097	30,958

The financial statements on pages 39 to 67 were approved by the Corporation on 16 December 2024 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	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus / (deficit) for the year		(291)	(1,514)
Adjustment for non-cash items			
Depreciation and amortisation	10/13	5,659	5014
Deferred capital grants release		(2,442)	(2004)
Pensions costs less contributions payable	23	146	764
Increase / (decrease) in stocks		(12)	(4)
Increase / (decrease) in debtors	14	826	(894)
Increase / (decrease) in creditors	15/16	80	298
Increase / (decrease) in provisions	19	(232)	(525)
Adjustment for investing or financing activities			
Investment income	6	(197)	(109)
Interest payable and other finance costs	9	465	721
(Gain) / loss on sale of fixed assets		(73)	26
Net cash flow from operating activities		<u>3,929</u>	<u>1,773</u>
Cash flows from investing activities			
Capital grants received		9,140	6,485
Gain / (loss) from sale of fixed assets		92	(26)
Interest received	6	197	109
Payments made to acquire fixed assets	10	(15,943)	(8,670)
		<u>(6,514)</u>	<u>(2,102)</u>
Cash flows from financing activities			
Interest paid	9	(804)	(509)
New unsecured loans		4,820	-
Repayments of amounts borrowed		(758)	(638)
		<u>(3,258)</u>	<u>(1,147)</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>673</u>	<u>(1,476)</u>
Cash and cash equivalents at beginning of the year		3,772	5,248
Cash and cash equivalents at end of the year (note 20)		4,445	3,772

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.

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 2024. 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 College expects to retain its ESFA financial health score within the “Good” classification throughout 2024/25 and considers that the College's 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.

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 The Open 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.

1. Statement of Accounting Policies (continued)

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 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.

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 2022 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		Year ended	
	31 July		31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Recurrent grants				
Education and Skills Funding Agency - Adult	1,133	1,133	1,121	1,121
Education and Skills Funding Agency - 16-18	31,836	31,838	27,597	27,597
Education and Skills Funding Agency - Apprenticeships	6,038	6,038	5,411	5,411
Tees Valley Combined Authority - Adult	6,216	6,212	4,988	4,984
Office for Students	423	423	396	396
Specific grants				
Education and Skills Funding Agency	471	470	414	414
Education and Skills Funding Agency - Catch Up	487	487	495	452
Teacher pension scheme contribution grant	1,002	976	730	706
Releases of government capital grants	2,442	2,442	2,004	2,004
Total	50,048	50,019	43,156	43,085

3 Tuition fees and education contracts

	Year ended		Year ended	
	31 July		31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Adult education fees	1,032	747	1,279	895
Apprenticeship fees and contracts	91	91	82	82
Fees for FE loan supported courses	358	355	730	730
Fees for HE loan supported courses	2,738	2,738	3,404	3,404
Total tuition fees	4,219	3,931	5,495	5,111
Education contracts	-	-	-	-
Total	4,219	3,931	5,495	5,111

4 Other grants and contracts

	Year ended		Year ended	
	31 July		31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Other grants and contracts	1,074	994	1,868	1,660
Total	1,074	994	1,868	1,660

5 Other income

	Year ended		Year ended	
	31 July		31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Catering and residences	1,231	1,175	1,145	1,103
Other income generating activities	-	-	-	-
Miscellaneous income	1,122	1,788	755	928
Total	2,353	2,963	1,900	2,031

6 Investment income

	Year ended		Year ended	
	31 July		31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
	197	189	109	103
Total	197	189	109	103

7 Staff costs – Group

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

	2024 No.	2023 No.
Teaching staff	572	592
Non-teaching staff	502	509
	1,074	1,101

Staff costs for the above persons

	2024 £'000	2023 £'000
Wages and salaries	28,607	25,545
Social security costs	2,512	2,234
Other pension costs	4,287	4,285
Payroll sub total	35,406	32,064
Contracted out staffing services	97	197
Other staffing costs	180	164
	35,683	32,425
Restructuring costs	56	260
Total Staff costs	35,739	32,685

Staff costs – College

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

	2024	2023
	No.	No.
Teaching staff	485	485
Non-teaching staff	194	216
	<u>679</u>	<u>701</u>

Staff costs for the above persons

	2024	2023
	£'000	£'000
Wages and salaries	20,409	18,550
Social security costs	1,868	1,684
Other pension costs	3,993	4,033
Payroll sub total	<u>26,270</u>	<u>24,267</u>
Contracted out staffing services	8	58
Other staffing costs	174	159
	<u>26,452</u>	<u>24,484</u>
Restructuring costs – Contractual	56	206
Total Staff costs	<u><u>26,508</u></u>	<u><u>24,690</u></u>

Compensation payments and ex-gratia payments

The College has made £0 ex-gratia payments in the period.

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 3 severance payments in the year, with 3 of these payments made by the College. These payments are disclosed in the following bands:

	College	Group
0 - £25,000	1	1
£25,001 - £50,000	2	2
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,000+	-	-

Included in staff restructuring costs for the College are special severance payments totalling £3,900 (2023: £26,370). Individually the payments were: £150, £250, and £3,500.

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>7</u>	<u>8</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	
	2024	2023	2024	2023
	No.	No.	No.	No.
£5,001 to £10,000 p.a.	-	-	1	-
£15,001 to £20,000 p.a.	-	1	-	-
£40,001 to £45,000 p.a.	-	-	1	-
£45,001 to £50,000 p.a.	-	-	-	-
£50,001 to £55,000 p.a.	-	1	-	-
£60,001 to £65,000 p.a.	-	-	1	4
£65,001 to £70,000 p.a.	-	-	4	3
£70,001 to £75,000 p.a.	-	1	2	2
£75,001 to £80,000 p.a.	1	1	3	-
£80,001 to £85,000 p.a.	3	2	-	-
£85,001 to £90,000 p.a.	1	-	-	-
£90,001 to £95,000 p.a.	-	1	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£150,001 to £155,000 p.a.	-	1	-	-
£160,001 to £165,000 p.a.	1	-	-	-
	<u>7</u>	<u>8</u>	<u>12</u>	<u>9</u>

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

	2024	2023
	£'000	£'000
Salaries	674	629
Employers National Insurance	84	80
Pension contributions	122	109
Total key management personnel emoluments	<u>880</u>	<u>818</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 Principal/Chief Executive (who is also the highest paid officer) of:

	2024 £'000	2023 £'000
Salaries	163	153
Pension contributions	26	23
	<u>189</u>	<u>176</u>

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:

	2024	2023
Principal/CEO's basic salary as a multiple of the median of all staff	5.24	5.35
Principal/CEO's total remuneration as a multiple of the median of all staff	5.23	5.54

The basic salary median calculation is based on all the FTE basic salary of contracted staff, ordered high to low, to obtain the median position which the basic salary of the Principal/CEO is then divided by. The total remuneration calculation is based in all the FTE total remuneration of contracted staff, ordered high to low to obtain the median position which the total remuneration of the Principal/CEO is then divided by.

8 Other operating expenses

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Teaching costs	2,554	2,486	2,381	2,316
Non-teaching costs	9,211	19,231	8,730	16,930
Premises costs	4,627	3,926	4,485	3,995
Total	16,392	25,643	15,596	23,241

Other operating expenses include:

	2024 £'000	2023 £'000
Auditors' remuneration:		
Financial statements audit*	62	69
Internal audit**	40	83
Other services provided by the financial statements auditor – tax returns (exc VAT)	14	14
Hire of assets under operating leases	618	627

* includes £46,450 (exc VAT) in respect of the College (2022/23 £34,800)

** includes £40,119 (exc VAT) in respect of the College (2022/23 £83,431)

Guarantees, letters of comfort and indemnities

On 31 July 2023, the College provided a letter of support to TTE Apprenticeships Limited which stated that it would “not request repayment of any or all of the outstanding amount for a period of at least nineteen months from” from that date. DfE approval was given for the letter of comfort dated March 2023 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

	2024 £'000	2023 £'000
On bank loans	804	509
Net interest on defined pension liability (note 23)	(448)	126
Net interest on enhanced pension liability	109	86
	465	721

9a Access and participation spending – Group and College

	2024 £'000	2023 £'000
Access investment	178	192
Financial support to students	250	240
Disability support	82	64
Research and evaluation (relating to access and participation)	116	103
	626	599

10 Tangible fixed assets (Group)

	Land and buildings Long leasehold £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2023	91,314	42,125	4,533	137,972
Additions	3,504	3,894	8,545	15,943
Transfers	-	71	(71)	-
Disposals	-	(399)	-	(399)
At 31 July 2024	94,818	45,691	13,007	153,516
Depreciation				
At 1 August 2023	(22,869)	(30,758)	-	(53,627)
Charge for the year	(1,840)	(3,751)	-	(5,591)
Elimination in respect of disposals	-	380	-	380
At 31 July 2024	(24,709)	(34,129)	-	(58,838)
Net book value at 31 July 2024	70,109	11,562	13,007	94,678
Net book value at 31 July 2023	68,445	11,367	4,533	84,345

Tangible fixed assets (College)

	Land and buildings Long leasehold £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2023	91,314	41,653	4,532	137,499
Additions	3,504	3,894	8,545	15,943
Transfers	-	71	(71)	-
Disposals	-	(383)	-	(383)
At 31 July 2024	94,818	45,235	13,006	153,059
Depreciation				
At 1 August 2023	(22,869)	(30,413)	-	(53,282)
Charge for the year	(1,840)	(3,655)	-	(5,495)
Elimination in respect of disposals	-	366	-	366
At 31 July 2024	(24,709)	(33,702)	-	(58,411)
Net book value at 31 July 2024	70,109	11,533	13,006	94,648
Net book value at 31 July 2023	68,445	11,240	4,532	84,217

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 2024 £'000	College 2023 £'000
Investments in subsidiary companies	1,119	1,119
Total	1,119	1,119

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 an 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 2023	694	694
At 31 July 2024	694	694
Depreciation		
At 1 August 2023	(370)	(370)
Charge for the year	(69)	(69)
At 31 July 2024	(439)	(439)
Net book value at 31 July 2024	255	255
Net book value at 31 July 2023	324	324

The College held no intangible assets at 31 July 2024 (2023: £nil).

14 Trade and other receivables

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	359	263	382	138
Amounts owed by group undertakings	-	5	-	3
Prepayments and accrued income	4,840	4,804	4,660	4,249
Holiday pay owed	67	66	50	46
Other debtors	-	-	1,000	1,000
Total	5,266	5,138	6,092	5,436

15 Creditors: amounts falling due within one year

	Group	College	Group	College
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans - Santander	638	638	638	638
Bank loans - DfE	240	240	-	-
Trade creditors	802	784	873	848
Amounts owed to group undertakings	-	796	-	144
Other taxation and social security	696	530	614	477
Accruals and deferred income	2,212	1,957	2,131	2,000
Holiday pay accrual	679	647	614	593
Other creditors	573	516	605	551
Deferred income - government capital grants	3,155	3,155	2,263	2,263
Deferred income – non government capital grants	5	5	8	8
Amounts owed to the ESFA	504	482	739	719
Total	9,504	9,750	8,485	8,241

16 Creditors: amounts falling due after one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Bank loans - Santander	8,775	8,775	9,412	9,412
Bank loans - DfE	4,460	4,460	-	-
Other creditors	3,161	3,161	1,709	1,709
Deferred income – government capital grants	46,211	46,211	41,661	41,661
Deferred income – non government capital grants	21	21	26	26
Total	62,628	62,628	52,808	52,808

17 Maturity of debt

(a) Bank and other loans

Bank loans and overdrafts are repayable as follows:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
In one year or less	878	878	638	638
Between one and two years	1,756	1,756	1,276	1,276
Between two and five years	2,634	2,634	1,914	1,914
In five years or more	8,844	8,844	6,221	6,221
Total	14,112	14,112	10,049	10,049

Santander 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%.

During the year a new loan was drawn down from DfE totalling £4.8m. The loan is repayable in instalments between 18 October 2023 and 18 April 2044. Total interest charged on the loan in the year to 1 April 2025 is 5.60%.

18 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Assets measured at amortised cost:				
Trade debtors	359	263	382	138
Amounts owed by group undertakings	-	5	-	3
	<u>359</u>	<u>268</u>	<u>382</u>	<u>141</u>
Liabilities measured at amortised cost:				
Trade creditors	802	784	873	848
Other creditors	574	516	605	551
Accruals	2,754	2,485	2,533	2,474
Amounts owed to group undertakings	-	1,477	-	144
Bank loans	14,112	14,112	10,049	10,049
	<u>18,242</u>	<u>19,374</u>	<u>14,060</u>	<u>14,066</u>

19 Provisions

Group and College	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2023	-	2,172	2,172
Expenditure in the period	(1,051)	(220)	(1,271)
Charge in the period	(2,572)	97	(2,475)
Less notional surplus not recognised	3,623	-	3,623
At 31 July 2024	<u>-</u>	<u>2,049</u>	<u>2,049</u>

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:

	2024	2023
Price inflation	2.80%	2.80%
Discount rate	4.80%	5.00%

20 Cash and cash equivalents (Group)

	At 1 August 2023	Cash flows	DfE Loan	At 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash and cash equivalents	3,772	673	-	4,445
	<u>3,772</u>	<u>673</u>	<u>-</u>	<u>4,445</u>
Borrowings				
Debt due within one year	(638)	758	(998)	(878)
Debt due after one year	(9,412)	-	(3,822)	(13,234)
	<u>(10,050)</u>	<u>758</u>	<u>(4,820)</u>	<u>(14,112)</u>
Total	<u>(6,278)</u>	<u>1,431</u>	<u>(4,820)</u>	<u>(9,667)</u>

21 Capital Commitments

	Group and College	
	2024	2023
	£'000	£'000
Commitments contracted for at 31 July	2,281	7,974
	<u>2,281</u>	<u>7,974</u>

22 Lease obligations

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

	Group and College	
	2024	2023
	£'000	£'000
Future minimum lease payments due:		
Land and buildings		
Not later than one year	401	453
Later than one year and not later than five years	170	415
Later than five years	-	-
	<u>571</u>	<u>868</u>
Other		
Not later than one year	86	112
Later than one year and not later than five years	129	101
Later than five years	-	3
	<u>215</u>	<u>216</u>
Total lease payments due	<u>786</u>	<u>1,084</u>

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.

Total pension cost for the year	2024			2023
	£000			£000
Teachers' Pension Scheme: contributions paid	2,558			2,251
Local Government Pension Scheme:				
Contributions paid	1,051		1,139	
FRS 102 (28) charge	146	1,197	764	1,903
Charge to the Statement of Comprehensive Income (staff costs)		3,755		4,154
Enhanced pension charge to Statement of Comprehensive Income		16		15
Total Pension Cost for Year		3,771		4,169

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 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates were set at 28.68% 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 2023 / 2024 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 £2.558m (2023: £2.251m).

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 2024 were £1.484m, of which employer's contributions totalled £1.051m and employees' contributions totalled £433k. 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 2024 by a qualified independent actuary (Hymans Robertson LLP).

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	3.75%	4.00%
Future pensions increases	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%
Inflation assumption (CPI)	2.75%	3.00%

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

	At 31 July 2024	At 31 July 2023
	Years	Years
<i>Retiring today</i>		
Males	20.4	20.5
Females	23.4	23.5
<i>Retiring in 20 years</i>		
Males	21.2	21.3
Females	24.9	25.0

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

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Equity instruments	42,671	39,839
Property	15,626	12,552
Cash	1,803	2,183
Other	-	-
Total fair value of plan assets	60,100	54,574

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

	2024 £'000	2023 £'000
Fair value of plan assets	60,100	54,574
Present value of plan liabilities	(47,541)	(45,638)
Net pensions asset/(liability)	12,559	8,936
Less nominal surplus not recognised	(12,559)	(8,936)
Net pensions asset/(liability) as recognised in these financial statements	-	-

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:

	2024 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	1,205	1,892
Past service cost	-	11
Curtailement cost	-	-
Total	1,205	1,903
Amounts included in interest payable		
Net interest payable	(448)	126
	(448)	126

Amount recognised in Other Comprehensive Income

Return on pension plan assets	2,816	184
Experience (gains) / losses arising on defined benefit obligations	505	12,873
Less notional surplus not recognised	(3,623)	(8,936)
Amount recognised in Other Comprehensive Income	(302)	4,121

Movement in net defined liability during the year

	2024	2023
	£'000	£'000
Net defined benefit liability in scheme at 1 August	-	(3,231)
Movement in year:		
Current service cost	(1,205)	(1,892)
Employer contributions	1,051	1,139
Past service costs	8	(11)
Curtailement cost	-	-
Net interest on the defined benefit liability	448	(126)
Actuarial gain	(302)	4,121
Net defined benefit liability in scheme at 31 July	-	-

Asset and Liability Reconciliation

	2024	2023
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	(45,638)	(55,506)
Current service cost	(1,205)	(1,892)
Interest cost	(2,307)	(1,959)
Contributions by Scheme participants	(433)	(413)
Experience gains and losses on defined benefit obligations	505	12,873
Estimated benefits paid	1,529	1270
Unfunded benefits paid	8	-
Past Service cost	-	(11)
Curtailements and settlements	-	-
Defined benefit obligations at end of period	(47,541)	(45,638)

Changes in fair value of plan assets

Fair value of plan assets at start of period	54,574	52,275
Interest on plan assets	2,755	1,833
Return on plan assets	2,816	184
Employer contributions	1,051	1,139
Contributions by Scheme participants	433	413
Estimated benefits paid	(1,529)	(1,270)
Fair value of plan assets at end of period	60,100	54,574

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the

correct actuarial confirmation. This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

Governors will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by the College.

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 £3,347, 8 Governors (2023: £4,450; 7 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.

John Morgan McClintock, who is a Councillor and was reappointed to the Board in 2020/21, has affiliations with Middlesbrough Council. Where during the year sales of £62k (2023: £0) were conducted and £329k (2023: £157k) funding was received in relation to high needs students. Purchases of £257k (2023: £215k) were also made in relation to business rates, car park rental and room hire charges. The College also received £5.9m (2023: £1.138m) in capital grants. At the year-end a balance of £90k (2023: £1.132m) was included in the College's debtors and £153k (2023: £143k) included in the College's creditors.

Aslam Hanif, an external member who was re-appointed in 2020/21, has affiliations with Cleveland Police, where during the year expenditure of £0 (2023: £800) were made. Aslam Hanif also has associations with NorthStar Housing, where sales of £0 (2023: £55) were conducted. Purchases of £500 (2023: £0) relate to an employer incentive payment made.

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. £6.216m (2023: £4.988) funding was received in relation to AEB, Multiply and Skills Bootcamp. At the year-end a balance of £879k (2023: £494k) was included in the College's debtors for accrued income in relation to funding.

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 £1,809 (2023: £1,085) and purchases of £1,000 (2023: £1,000) were made. At the year end a balance of £126 was included in the college's debtors in relation to employer levy top ups. Sharon is also the Chair of the Regional Advisory Board for Make UK were during the year purchases of £29,476 (2023: £24,066) were made for training courses, at the year-end a balance of £6k (2023: £6k) was included in the College's creditors in relation to membership fees.

Jane Castor, who was appointed to the Board in 2022/23, has associations with Thirteen Group, as Jane is Chief Financial Officer. During the year sales of £400 (2023: £859) were made in relation to Thirteen Group and purchases of £3,500 (2023: £3000) were conducted.

Rachel Anderson, Assistant Director of Policy at the North East Chamber of Commerce joined the board in 2018/19. During the year sales of £50 (2023: £0) were conducted and purchases of £19,184 (2023: £8,550) were made in relation to membership fees and sponsorship. At the year-end a balance of £50 (2023: £0) in the College's debtors and a balance of £9,600 (2023: £0) was included in the College's creditors.

Sara Mirsalehi, Senior Operations Manager at The Junction Foundation, was appointed to the board in 2022/23 and has affiliations with the Halo Project. During the year sales of £70 (2023: £0) were conducted and purchases of £2,500 (2023: £550) were made.

Darush Dodds, Director of Corporate Affairs for ESH Group, was appointed to the board in 2022/23. During the year sales of £50 (2023: £0) were conducted and purchases of £79,714 (2023: £8,011) 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 £0.495m (2023: £0.402m). In return TTE Technical UK Ltd has recharged the College £4.498m (2023: £3.006m) during the year, of which £2.680m (2023: £2.021m) in respect of the delivery of core funding, £0.228m (2023: £0.371m) in respect of recharged goods and services, £0.436m (2023: £0.516m) in relation to staffing recharges, £121k (2023: £88k) in respect of the collection of course receipts by the College, £4k (2023: £3k) in respect of courses delivered on behalf of the College and £29k (2023: £7k) miscellaneous recharges. At the year end the College owed the Company £0.796m (2023: £109k – 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 £7.935m (2023: £6.588m) for the provision of staffing and £0.166m (2023: £0.155m) in respect of estates and finance costs. In return the Company has recharged the College £8.101m (2023: £6.743m) in respect of management recharges. At the year end the College owed the Company £0.071m (2023: £0.058m)

The College has also had several transactions with TTE International Ltd, its wholly owned subsidiary company. The College has recharged for £9k (2023: £20k) for examination costs and general materials. In return the Company has recharged the College £3k (2023: £12k) in reclaimed VAT as a result of the Company forming part of the College's VAT group and also £21k (2023: £0k) for a salary recharge. At the year end the Company owed the College £2k (2023: £8k – College owed to the Company).

The College had no transaction with TTE Apprenticeships Ltd, its wholly owned subsidiary company, as the company was dormant during the year. At the year end the Company owed the College £3,524 (2023: £3,524).

The College has also had one transaction with Northern Apprenticeship Company Ltd, its wholly owned subsidiary company. The College has recharged the Company £0 (2023: £654) with regards to audit fees. At the year end the College owed the Company £21k (2023: £0).

25 Amounts disbursed as agent

Learner support funds	2024 £'000	2023 £'000
Funding body grants – bursary support	1,400	1,429
Interest earned	-	-
	<u>1,400</u>	<u>1,429</u>
Disbursed to students	(1,380)	(1,192)
Administration costs	(54)	(55)
Unspent balance carried forward from prior year	<u>270</u>	<u>88</u>

Balance unspent as at 31 July, included in creditors	<u>236</u>	<u>270</u>
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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.