etc. education training collective

ANNUAL REPORT

OF THE MEMBERS OF THE CORPORATION AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2025









BEDE SIXTHFORM COLLEGE · INNERSUMMIT · NETA TRAINING GROUP · REDCAR & CLEVELAND COLLEGE · STOCKTON RIVERSIDE COLLEGE

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The Education Training Collective

Annual Report

of the Members of the Corporation and

Financial Statements

for the year ended

31 July 2025

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Annual Report and Financial Statements of the Corporation

For the period 1 August 2024 to 31 July 2025

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Board of Governors
The members who served on the Corporation during 2024-25 were:

Stuart Blackett (Chair)
Dot Smith (Vice Chair)
Fabienne Bailey
Rachel Beeken
Coreen Bone, appointed 16 December 2024
Subhash Chaudhary MBE, end of office 30 October 2024
Gareth Davies, resigned 4 July 2025
Louise Davies
Liz Dixon
Aiden Flynn
Grant Glendinning
Sohaib Khalid, appointed 22 January 2025
Mahomed Maiter, appointed 10 July 2025
Relon Mfunda
Afikunooreoluwa Ogunlolu, appointed 24 February 2025
Amanda Olvanhill
Hamish Rutherford
David Watson
Kirsty Wharton, appointed 17 January 2025
Gary Wright

A full list of governors is given on pages 18 to 20 of these financial statements.

Clerk
Sarah Thompson (Group Director of Governance) acted as Clerk to the Corporation throughout the period.

Senior management team
Grant Glendinning Group Principal and Chief Executive; Accounting Officer
Jason Faulkner; Deputy Chief Executive Officer
Phil Hastie; Chief Operating Officer
Fiona Sharp; Chief Financial Officer, resigned 31 July 2025
Sarah Langstaff; Chief Financial Officer, appointed 16 June 2025
Rebecca Cadden; Vice Principal; Stockton
Patrick Jordan; College Principal; Bede
Sarah Johnson; Vice Principal; Redcar,
Sean Johnston; Director NETA Training
Erika Marshall; Group Director of Marketing
Kay Taylor; Group Director of Human Resources and People Development, resigned 30 September 2024
Adele Currie, Group Director of Human Resources and People Development, appointed 4 November 2024
Peter Wood; Group Director of Quality

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Principal and Registered Office
Harvard Avenue, Thornaby, Stockton on Tees, TS17 6FB

Professional Advisors

Financial Statements Auditors and Reporting Accountants
Menzies LLP
1 George Leigh Street
Manchester
M4 5DL

Internal Auditors
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Fort Fareham
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Fareham
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Bankers
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Stockton-on-Tees
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Solicitors
Stone King LLP
Upper Borough Court
3 Upper Borough Walls
Bath
BA1 1RG

Endeavour Partnership
Tobias House, St Mark's Court
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Stockton-on-Tees
TS17 6QW

Irwin Mitchell Solicitors
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Middlesbrough
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Wigan Investment Centre
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WN3 5BA

Thompsons Solictors
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Harrow
Middlesex
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BHP Law
Westgate House
Faverdale
Darlington
County Durham
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69 Carter Lane
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OBJECTIVES AND STRATEGY

The Governing Body presents its annual report together with the financial statements and auditors' report for The Education Training Collective for the year ended 31 July 2025.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Stockton & Billingham College. On 1 January 2003, with the approval of the Secretary of State for Education, the Corporation changed its name to Stockton Riverside College Further Education Corporation. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

On 1 May 2008 Stockton Riverside College Further Education Corporation formed a merger with Bede Sixth Form College under which the Corporation of Bede College was dissolved and its property, assets and liabilities were transferred to the continuing Stockton Riverside College Further Education Corporation.

On 3 August 2015, Stockton Riverside College Further Education Corporation became the sole member of the charity NETA Training Trust, an independent training provider.

On 1 August 2018, Stockton Riverside College Further Education Corporation formed a merger with Redcar and Cleveland College under which the Corporation of Redcar and Cleveland College was dissolved and its property, assets and liabilities were transferred to the continuing Stockton Riverside College Further Education Corporation.

On 25 July 2019, with the approval of the Secretary of State for Education, the Corporation changed its name to the Education Training Collective (Etc.). All sites continue to be branded under their own name as part of the Group.

On 1 September 2023 Etc acquired Innersummit Ltd, an independent training provider. Innersummit Ltd is a wholly owned subsidiary of the Education Training Collective.

Our Vision, Purpose, Values and Strategic Objectives and Priorities

The Corporation continued with the implementation of the Group's Strategic Plan for 2023-2026 including its Vision, Purpose and Values as follows:

Our Vision – One Etc. – Fuelling ambition and driving success in a resurgent Teesside and beyond.

Our Purpose – The Education Training Collective inspires and equips our people, communities and businesses with the skills, experience, and the ambition to grasp opportunities, locally and nationally, boosting prosperity and transforming lives.

Our Values - High performing, with heart.
Confident, with absolute focus on success.
Raising aspiration and ambition, improving opportunities and life chances.
Proud to serve our students, communities, and businesses.

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Strategic Objectives and Priorities 2024-25
Governors agreed the following Strategic Objectives and Priorities for 2024-25:
1. Harness the power of our group – delivering as 'One Etc.'.
2. Lead the way in delivering on skills for economic growth and inclusion.
3. Create long-term strategic partnerships.
4. Employer and learner-led curriculum.
5. Real world learning environments.
6. Attract and develop the best staff talent.

Financial Objectives
The financial strategy underpins all the strategic priorities and is specifically addressed by the aim to promote financial sustainability and efficient use of resources.

The Group's financial objectives for 2024-25 were:
(a) To deliver the Group's financial plan; and
(b) To fund the Group's capital programme.

During 2024-25, with the exception of achieving the operating budget surplus, the financial objectives were met and steps taken in year ensured an operating surplus sufficient to keep the group in a strong financial position. Against the original budget operating surplus of £771k, the operating surplus for the year was £530k, prior to pension adjustments, tax and exceptional items.

Implementation of Strategic Plan

As the current Etc. Strategic Plan (2023–2026) enters its final year, work is beginning to develop its successor. The existing plan has delivered strong outcomes, including enhanced group cohesion, improved performance metrics, and an **Ofsted 'Outstanding'** rating. To build on this progress, a refreshed and forward-looking strategy is proposed, shaped by a clear and compelling vision of what the Education Training Collective (Etc.) aims to be by the end of the decade. Its structure is likely to centre on a small number of bold Strategic Ambitions, each supported by outcome-rich Sub Aims, articulated in a concise, accessible format. The development process will include broad stakeholder engagement from staff, students, employers, civic leaders, alumni, and governors and will culminate in a full launch in September 2026, aligning with national reforms and evolving expectations of further education.

RESOURCES:
The Group has various resources that it can deploy in pursuit of its strategic objectives.

People
The Group employs 699 people of whom 195 are teaching staff.

Students
The Group enrolled approximately 11,000 students. The College's student population includes c.3,300 16-18 year old students, c.1,100 apprentices, c.260 higher education students and c.6,600 adult learners, of which c.3,100 are funded through Adult Education Budget and Advanced Learner Loan funding.

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Financial

The Group has £26.4m of net assets and long-term debt of £4.5m. Tangible resources include the Harvard Avenue (Teesdale) site in Stockton, the Corporation Road site in Redcar and the Marsh House Avenue site in Billingham which also houses the College sports centre. NETA Training operates from industrial premises in Stockton supporting training, development and assessment.

Reputation

The Etc. has an increasingly strengthened reputation as a high performing provider of training, skills and learning experiences – through its colleges and training centres. Collaboration with local and combined authorities further strengthened the Group's offer and positioning on a local and regional level; the Group works with Stockton-on-Tees Borough Council, Redcar and Cleveland Borough Council, the Tees Valley Combined Authority (TVCA) including Tees Valley Mayor Ben Houchen, the North East Combined Authority, Teesside University, the North East Chamber of Commerce and the Education and Skills Funding Agency (ESFA). Further, largely through 'FE Plus' (a group comprising of college leaders from the local FE Colleges in the Tees Valley) as well as more localised relationships, the Etc. enjoys collaborative engagements with the other colleges within the Tees Valley and North East region. More recently, through the creation and development of bespoke employer forums and events, the Etc. has expanded on its already extensive list of longstanding business relationships across the Tees Valley, the North East and wider England with a particular focus on Clean and Renewable Energy.

The Group enjoys a close working relationship with local schools and colleges, utilising these to remove barriers to learning and to increase opportunities for the communities it serves across the boroughs of Stockton-on-Tees, Redcar and Cleveland, and the Tees Valley as a region.

NETA Training continues to grow its commercial training activities with an expanding, national portfolio of clients, training over 4580 professionals and working with circa 947 local businesses during 2024-25. NETA is rapidly gaining a national reputation for training excellence and is now an active member of a range of business networking and membership groups including the Northeast Chamber of Commerce. NETA has successfully gained recertification for its ISO 45001 Health & Safety and ISO 9001:2005 quality standards. As part of the Group's Ofsted inspection, NETA was graded by inspectors as 'Outstanding'.

Stakeholders

The College (Group) has many stakeholders, including:

- Its current, future and past students;
- Parents and carers of current, future and past students;
- Its staff, management and their trade unions. The Senior Management Team are named on page 2. The trade unions of which the Etc. staff are members are the University and College Union, and UNISON;
- Its governors;
- Education sector funding bodies;
- FE Commissioner;
- Local employers (with specific links);
- Local Authorities;
- Tees Valley Combined Authority;
- North East Combined Authority:
- Local Enterprise Partnerships (LEPs);
- Membership organisations;

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- Partner schools and the local community;
- Teesside University;
- Other FE institutions;
- Professional bodies;
- Barclays Bank;
- MPs; and
- The King's Trust.

The Group recognises the importance of these relationships and engages in regular communication with them through conferences, stake-holder events and by meetings.

Public Benefit

The Education Training Collective (Etc.) 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 18 to 20. In setting and reviewing the Group'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.

In delivering its mission, the Group provides identifiable public benefits through the advancement of education to c.11,000 students, including 296 students with high needs. The Group provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The Group adjusts its courses to meet the needs of the local employers and provides training to c. 1,100 apprentices. The Group is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

The delivery of public benefit is covered throughout the Members' Report.

Inclusive College

The Group prides itself on its inclusivity:

- **King's Trust:** The King's Trust provision regularly achieves national acclaim. It continues to deliver a range of Team and Achieve programmes across the Tees Valley and North East region, working with partners to re-engage those furthest away from the labour market. The Kings Trust has further developed its portfolio and delivers Supported Internship Programmes across Redcar and Cleveland and Stockton on Tees.

- **NEETs:** The Etc. offers a wide range of vocational programmes for 14-16 year olds who are electively home educated and young people aged 16-18 who are not yet ready for mainstream college. Provision includes a vocational pathway for 14-16 year olds paid for by the local secondary schools in direct response to meet the growing needs of the local authority for students who are at risk of permanent exclusion from pre-16 education.

- **ESOL:** The Group is one of the largest providers across the Tees Valley of English for Speakers of Other Languages (ESOL) courses for students where English is not their first language. The Group offers full and part time courses for both 16-18 and 19+ learners that enables them to improve and develop their speaking, listening and writing skills, providing them with a solid foundation for everyday life and enables them to progress onto other courses or into work.

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- **Working with the unemployed:** The Group's work with the unemployed in respect of reskilling and upskilling is something the Group is particularly proud of. In 2024-25, across our Bespoke Employer Led Programmes (BELP), there were 744 enrolments across a range of employability and sector specific skills programmes all linked with employment into key sectors, across Stockton and Redcar. A strong multi-agency approach has been adopted; benefiting from close working relationships with local employers, Jobcentre Plus (JCP), and referral agencies such as the Stockton Skills and Employment Hub, the Group is successfully positioned to flexibly engage with 16-18 NEETS and the 19+ unemployed, support agencies and other providers, allowing a responsive approach to meet local community demands. A key aim is to ensure engagement and progression into individualised and meaningful education and training, leading to sustainable employment and to challenge the employment and training perceptions (and the aspirations) of the unemployed, so that they can make realistic judgments about the appropriateness of options/opportunities into learning and employment.

- **Services for vulnerable young people:** The Group provides a comprehensive range of educational services to vulnerable young people and students with high needs. Highly experienced and qualified welfare, learning support staff and safeguarding officers offer pastoral support to students. The team also signposts to internal services such as careers and financial support as well as external specialist agencies such as talking therapies and counselling, sexual health and harm minimisation services. In 2024-25 the Group invested in a student assist programme that enables learners to access support services out of normal College times.

- **Pastoral support:** The Group has a comprehensive range of pastoral support services available to all students to remove any barriers which would otherwise prevent a student from progressing on to further study or employment. The Group has extensive links with a wide range of external organisations to complement and support the activity undertaken in college to support students.

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DEVELOPMENT AND PERFORMANCE

Financial Results

The financial results for the year are summarised as follows:

	Group	***Group***
	2025	***2024***
	£000	***£000***
Operating surplus for the year	530	451
Surplus for the year from continuing operations	530	451
FRS 102/EPP pension adjustments	405	(156)
Surplus / (Deficit) before other gains and losses	935	295
Taxation	(3)	-
Gain/(Loss) on disposal of asset	296	(14)
Surplus / (Deficit) for the year	1,228	281
Actuarial (loss) / gain in respect of pensions schemes	(413)	(855)
Exceptional item: release of merger grant funding	2,226	-
Total comprehensive income for the year	**3,041**	**(574)**

Results for the year include a one off exceptional item of £2.226m relating to the release of grant funding received to support the merger with Redcar and Cleveland College in 2018. The grant conditions included a monitoring period which ended in July 2025. All of the grant conditions have been met, and as such the remaining balance is recognised as income in 2024-25.

During the year the group purchased the long term leasehold for the Pennine Avenue site. Disposal of the existing short term lease resulted in a net (non-cash) gain on disposal of £296k, as the lease liability at date of disposal was higher than the asset held in land and buildings.

The income target for 2024-25 was achieved with increases to 16-18 funding, including the Post-16 budget grant, offsetting shortfalls in Apprenticeships, Higher Education, Advanced Learner Loans, 14-16 Provision and Full Cost Provision. A significant increase in energy costs resulted in an overspend in non pay which contributed to a reduced operating surplus of £530k, compared to the budget surplus of £771k.

The FRS 102 pension adjustments impacted interest receivable by £508k, staff costs of £73k and actuarial loss in respect of pension schemes by £480k. The Enhanced Pension Provision (EPP) adjustments impacted interest payable by £30k and actuarial gain of £67k.

Cash Flows and Liquidity

There was a net cash inflow from operating activities in the year of £1.1m (2024: £1.5m). This was sufficient to cover capital investment and the servicing of borrowing. There was an overall net increase in cash for the year of £700k (2024: £5.9m) with £8.2m of ringfenced cash held in the form of capital grants (2024: £8.9m).

During the year the Group made planned repayments on the existing long term fixed loan with Barclays. Drawdown continued of the £5m long term loan with the Department for Education, agreed in 2023-24 to support the relocation of NETA to the Stockton Riverside College site.

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The amount of the Group's total borrowing and its interest rate risk management strategy are managed through the budget process to ensure that the total cost of servicing ongoing debt can be met within the operating cash flow.

Developments
Fixed asset additions during the year amounted to £7.385m: including £83k in IT Infrastructure, £101k in Curriculum Equipment and £7.2m investment in the estate as part of the major capital programme in progress.

Reserves
The Group has accumulated reserves of £26m, a pension liability of £45k and cash balances of £13.3m, including £8.2m of capital grants received in advance which will be expended in 2025-26 as part of the major capital programme. The Group wishes to continue to accumulate reserves and cash balances in order to enhance its contingency fund.

Sources of Income
The Group has significant reliance on the education sector funding bodies for its principal funding source. In 2024-25 the further education (FE) funding bodies provided 85.0% (2024 – 84.0%) of the Group's total income.

Group Companies
The Corporation had four subsidiary companies at 31 July 2025.
Tees Valley Catering Ltd was incorporated in June 2015 and commenced trading from August 2015 to provide catering services primarily to students and hospitality to external clients. All activity was transferred to the Corporation on 1st August 2023. The company is non-trading and was dissolved in August 2025.
NETA Training Trust, acquired on 3 August 2015, an independent training provider ceased trading in July 2022 and all activity transferred to the Corporation. The company is non-trading.
Stockton & Billingham College Developments Ltd operates to facilitate the procurement of new college facilities (most recently a new sixth form building and college sports centre at Billingham). The company is non-trading.
Innersummit Ltd, acquired on 1 September 2023, an independent training provider ceased trading in January 2024 and all activity transferred to the Corporation on 1 February 2024. The company is non-trading.

FUTURE PROSPECTS

Future developments
The Group has utilised Group cash resources and grant funding during 2024-25 to continue to invest in its facilities to support growth and the experience of learners.

Following on from £5.1m of capital investment in 2023-24, the Group has:

- Developed a new car park at the Stockton Riverside College site to facilitate the NETA relocation project;
- Secured the leasehold of existing NETA premises;
- Completed the development of a new hydrogen fuelling station at Redcar and Cleveland College;
- Purchased curriculum equipment to enhance the learner experience; and
- Updated IT equipment.

The Group will produce a new Estates Strategy during 2025/26.

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Through the College Principal at Bede Sixth Form, Vice Principals at Redcar & Cleveland College and Stockton Riverside College and the Director of NETA Training and their work with local stakeholders, each 'college' is focusing provision on the local needs of their area.

Environmental sustainability remains a key priority for the Group, setting and delivering energy usage and waste reduction targets. Through the creation of its Green Initiatives Group and an identified senior Sustainability lead, the Group achieved Green as an Investor in the Environment in 2023, after holding previous levels of Bronze and Silver for a number of years. Additionally, the Group has proudly been graded as carbon neutral for four consecutive years and was named Sustainability Influencer of the Year in the 2024 Investors in the Environment awards.

Financial Plan

The Governing Body approved a financial plan in July 2025 which sets objectives for the period to July 2027. The Group believes it is in a good position to continue in operation and meet its liabilities taking +account of its current position and principal risks over the period of the plan to 2026-27.

The Group has robust governance and has benefitted from extensive financial expertise. The Group strategic planning processes are outstanding and supported by exemplary Business Planning (BP) and Quarterly Review (QR) systems. The BP/QR system enables precise and pre-emptive financial management. The Group has been successful in attracting income from an increasingly diverse range of funding streams. Although income from public sector sources has increased, this is testament to the strong relationships developed by the Group with key local stakeholders and the ability to develop and deliver employer led programmes that attract, amongst other sources, Skills Bootcamp and Bespoke Employer Led Programme (BELP) funding. Accountability has been driven down the organisation, enabling those closest to the front line to make decisions that impact directly on the student experience. This has been a key factor in the Group's success.

The Group has, through the established BP and QR processes, maintained effective financial management throughout the period. Prompt financial review and appropriate actions enabled the Group to mitigate the risk of income and expenditure fluctuations in year to result in a satisfactory financial outturn. This process informed the financial plans for 2025-26 and 2026-27.

The Group's DfE main funding allocations for 2025-26 have been confirmed at £21m for young learners and £5m for adult learners (from DfE, TVCA and NECA).

The Group's rigorous performance management systems will further drive efficiency and target growth areas. The Group plans to grow, taking advantage of relevant opportunities aligned to LEP priorities and funding availability, (including Skills Bootcamps, BELP) and alignment to Local Skills Improvement Plan priorities.

Financial Health

The Group is assessed by the DfE as having a "Good" financial health grading. The current rating of "Good" is considered an acceptable outcome. The Group's financial forecasts prepared in July 2025 show the Group assessed as "Good" financial health rating to July 2026.

Treasury Policies and Objectives

The Group has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. All borrowing requires the authorisation of the Corporation and the Department for Education.

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Reserves

The Group's Reserves Policy gives guidance on the minimum level of cash working capital and unrestricted reserves balances to ensure the Group can both meet any short-term obligation but also ensure long-term sustainability, in line with the Charity Commission's guidance on Charity Reserves: Building Resilience. The reserves policy is not the only means of assessing going concern but contributes to this. The Group keeps cash and reserves to ensure that it meets unexpected costs, deal with income shortfalls resulting from enrolment reductions or government funding changes and meets the future costs of improving the buildings and reducing carbon emissions.

The Group recognises the importance of reserves in the financial stability of an organisation and ensures that there are adequate resources to support the Group's core activities. The Group currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stands at £25.973m (2024: £22.953m). The Group holds a Designated reserve of £125k for the replacement of the artificial all-weather pitch at Redcar and Cleveland College and a Revaluation reserve of £309k that relates solely to inherited land at the Billingham site.

The Defined benefit pension liability stands at £45k (2024: nil).

It is the Corporation's intention to increase reserves over the life of the Strategic Plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

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

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

The main risk factors affecting the Group are outlined below. Not all the factors are within the Group's control. Other factors besides those listed below may also adversely affect the Group.

- Failure to maintain strong financial health
- Inability to respond effectively to a major disruption or event, e.g. fire or flood, breach of security or pandemic.
- Failure to maintain and develop accommodation that is fit for purpose and provides a safe, secure and healthy environment for student, staff, visitors and all stakeholders.
- Ineffective governance, leadership, oversight and compliance frameworks across the Etc.
- Failure to identify and work collaboratively with key stakeholders and partners.
- Inability to recruit and/or retain high quality/calibre staff (teaching and support staff).
- Failure to effectively safeguard students and promote a safe learning environment.
- Inability to identify, implement or monitor an effective and flexible curriculum that supports learners, staff and stakeholders, which looks ahead and is responsive to DfE reform.

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- Failure to maintain and develop high quality education and standards of student achievement and outcomes and to ensure the welfare of students so that they may have the opportunity to thrive at college and in their career plans.
- Failure to deliver on group emerging sustainability/clean energy responsibilities.
- Failure to support and embed our equality, diversity and inclusion ethos across all students, staff, governors and third parties.
- Inability to respond to technological advances in a timely manner.
- Failure to ensure the safety of staff, students and visitors.
- Failure to protect data and systems from malicious attack and data loss.

Mitigating controls and sources of assurance are identified in the Risk Register which is regularly reviewed by the Risk Management Group and reported to the Audit and Risk Committee.

KEY PERFORMANCE INDICATORS

Performance in 2024-25 against the targets relating to the Corporation's priorities is shown below:

Measure	**Target**	**Actual Performance**
Quality		
Overall Achievement rates: a. 16-18 b. Adult	 90.0% 95.5%	 89.6% (+6.2) * 95.1% (+ 7.3) *
Overall Apprenticeship Achievement rates: a. Overall	 67%	 69.5% (+ 9) **
Human Resources		
Staff engagement ("is the Group a good place to work?")	94%	91%
Financial		
Pay cost/income (less subcontracting income) % (excluding restructuring costs)	71.33%	65.33%

* variance against national rates in brackets.

** variance against all provider national rates in brackets

The Group was inspected in March 2025 and received *Outstanding* for overall effectiveness. All but one of the key judgements were judged *Outstanding*: Quality of Education, Behaviour and Attitudes, Personal Development, Leadership and Management, Education Programmes for Young People, Adult Learning Programmes, Provision for Learners with High Needs, with the key judgement for Apprenticeships being rated as *Good*.

Student achievements

16-18 achievement rates for the Group are 89.6% (+6.2% against the national rate.) 19+ achievement rates are 95.1% (+7.3% against the national rate.) Overall Apprenticeship achievement rate for the Group is 69.5% (+9% against the national rate)

The Group is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as achievement rates. The Group is required to complete the annual Finance Record for the DfE.

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Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2024 to 31 July 2025, the Group paid over 95% of its invoices within 30 days. The Group incurred no interest charges in respect of late payment for this period.

Streamlined Energy and Carbon Reporting

The Group is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Measure 1: Improved servicing programme on building management system to optimise running times and demand settings.

The Group's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2025 UK Government's Conversion Factors for Company Reporting are set out below:

UK Greenhouse gas emissions and energy use data for the period	**2024-25**	**2023-24**
Energy consumption used to calculate emissions (kWh)	3,865,622	4,147,536
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	696	725
Owned transport	15	18
Total	711	743
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	84	86
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee owned vehicles	33	28
Total gross emissions in metric tonnes CO2e	**827**	**860**

Intensity ratio		
Metric tonnes CO2e per student/FTE/staff member/floor area	**1.65**	1.72

The chosen intensity measurement ratio is Metric tonnes CO2e per FTE

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Trade Union Facility Time

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

Numbers of employees who were relevant in the period	6
FTE Employee Number	5.9 fte

Percentage of Time	Number of Employees
0%	-
1-50%	6
51-99%	-
100%	-

Total cost of facility time	£3,769
Total pay bill	£24.7m
Percentage of total bill spent on facility time	0.02%

Time spent on paid trade union activities as a percentage of total paid facility time	N/A

EQUITY, DIVERSITY, INCLUSION AND BELONGING

The Education Training Collective (Etc.) is committed to ensuring equity of opportunity for all who learn and work here. We respect and value differences in race, gender, sexual orientation, disability, religion or belief, and age (inclusive of all protected characteristics). We recognise that equality of treatment is not the same as equity of outcome, and we therefore work actively to remove barriers that place people at a disadvantage, ensuring a fully inclusive environment where fairness is experienced in practice, not just in principle.

At the Group, we aim to be an exceptional educational institution where all students enjoy their time at college, achieve their qualifications, and develop valuable transferable skills that enable them to seize opportunities in the future. Our ethos is inclusive, and we aim to maximise the potential of every learner. We will promote shared values that include equity, diversity, inclusion, and belonging, valuing and involving our community, showing care and respect for others, and demonstrating honesty and fairness in everything we do.

Belonging

Belonging means more than participation: it is the assurance that every learner and colleague feels recognised, respected, and valued for who they are. Without belonging, equity and inclusion remain incomplete.

The Group's Single Equality Scheme is resourced, implemented, and monitored on a planned basis. The application of this policy is overseen through the Equity, Diversity, Inclusion and Belonging Committee, which includes representation from the Group's Governing Body. The Group produces an Equity, Diversity, Inclusion and Belonging Annual Report, alongside monitoring compliance against the Single Equality Scheme. This includes setting objectives to ensure compliance with all relevant equality legislation, including the Equality Act 2010, which are published on the Group's website and the Group SharePoint site.

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The Group will ensure that inclusion and belonging remain central to its ethos. We will deliver a broad and balanced curriculum that helps to protect students against radicalisation and extremism and promotes community cohesion.

Staff will continue to be supported to challenge effectively discriminatory behaviour or behaviour which is contrary to Fundamental British Values.

The Group is committed to Mental Health and Wellbeing and publishes its annual gender pay gap report on its website.

Disability Statement

The Education Training Collective (Etc.) seeks to achieve the objectives set out in the Equality Act 2010. The Group will ensure safe access to all buildings, including automatic and accessible doors at all main entrances, and provide specialist equipment for staff and students. This includes, but is not limited to, evacuation chairs, hearing loops, and appropriately designed desks and seating.
The Group continues to make significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. A dedicated team of Learning Support Assistants provides a variety of tailored learning support. An ongoing programme of professional development ensures the provision of high-quality support for learners with additional needs. Additional activities include:

1. Safe movement across the Group is supported through rigorous monitoring of lifts, the provision of drop kerbs, manifestations on glass doors, clear signage, and appropriately marked accessible parking bays.
2. Personal Emergency Evacuation Plans (PEEPs) are created for anyone who may have difficulty during an evacuation, whether permanently or temporarily.
3. The Group undertakes regular audits to ensure that students have access to the support and equipment identified in their Education, Health and Care Plans (EHCPs) and that all funding guidelines are met. Specialist staff oversee the EHCP process and ensure full adherence to statutory requirements.
4. The Learning Support team provides information, advice, and support for students with disabilities, including access to specialist equipment and assistive software.
5. Admissions panels include appropriately qualified staff to ensure that individual student needs are carefully considered. Appeals against a decision not to offer a place are managed under the Complaints Policy.
6. All students with learning difficulties and/or disabilities are offered the same opportunities as their peers to participate fully in all aspects of the study programme, including enrichment, work experience, and enterprise. Counselling and welfare services are clearly outlined in the Group Student Guide, issued at induction alongside the Complaints and Disciplinary Procedure leaflets.

The Group is proud to be a Disability Confident Employer.

Safeguarding and the Prevent Strategy

The Group meets its statutory responsibilities for safeguarding. The Group has a statutory "Prevent duty" which aims to ensure that key public sector bodies carry out activities aimed at preventing radicalisation and extremism and promoting Fundamental British Values. The Group, through the Safeguarding Management Group, working with the Equality, Diversity and Inclusion Group, has successfully promoted Group-wide awareness of Prevent.

The Prevent Duty is embedded in the Group's Safeguarding and other relevant procedures. Information technology continues to be effectively utilised to support Safeguarding and Prevent. All staff undertake relevant training on Safeguarding and Prevent. The Group Safeguarding Policy is updated annually in line with legislation and published on the Group website and the Group SharePoint site.

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Going Concern

After making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has in place robust budget setting and financial monitoring processes and has developed a three-year financial plan which has the support of the DfE and demonstrates that it will be financially sustainable over the period of the plan. Throughout 2024-25, the Group has maintained effective measures to mitigate the impact of a shortfall of performance against target which has protected the financial position of the Group. For these reasons it continues to adopt the going concern basis in preparing the financial statements.

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 Group'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 Group's auditor is aware of that information.

Approved by order of the members of the Corporation on 11 December 2025 and signed on its behalf by:

Signed:

Signed by:
6FE992E1336A408...

Stuart Blackett
Chair of the Corporation

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Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the group to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The Governing Body endeavours to conduct its business:

i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
ii. In full accordance with the guidance to colleges from the FE code of good governance ("the Code").

In the opinion of the governors, the Group complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2025. This opinion is based on an internal self-assessment considered by the board on 13 November 2025. 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 FE Code of Good Governance published by the Association of Colleges in 2023, which it formally adopted on 4 July 2024.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed as in tables below.

Table 1: Governors who served during the year

Name	**Date of Appointment** (R) = reappointed	**Term of Office**	**Date of Resignation/ End of Office**	**Status of Appointment**	**Committees Served**	**Corporation Meeting Attendance in 2024/25**
Fabienne Bailey	01.07.21 (R)	4 years		Member	Finance, Capital and Resources; People (Chair)	2/7
Rachel Beeken	01.07.21 (R)	4 years		Member	Audit and Risk	6/7
Stuart Blackett (Chair)	25.04.23 (R)	4 years		Member	Finance, Capital and Resources; Remuneration; People	6/7
Coreen Bone	16.10.24	4 years		Member	People	4/4
Subhash Chaudhary MBE	20.10.20 (R)	4 years	19.10.24	Member	Audit and Risk (Chair)	0/1
Gareth Davies	04.07.24	4 years	04.07.25 (end of employment)	Staff	Finance, Capital and Resources	3/6
Louise Davies	22.11.22 (R)	4 years		Member	Finance, Capital and	4/7

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Name	**Date of Appointment** (R) = reappointed	**Term of Office**	**Date of Resignation/ End of Office**	**Status of Appointment**	**Committees Served**	**Corporation Meeting Attendance in 2024/25**
					Resources (Chair); Remuneration	
Liz Dixon	20.10.22	4 years		Staff	Standards Improvement; People	6/7
Aiden Flynn	01.01.24	1 year	31.12.24 (served as co-opted member to 31.7.25)	Student		3/3
Grant Glendinning	22.08.22	Ex officio		Member	Finance, Capital and Resources; Standards Improvement; People	7/7
Sohaib Khalid	22.02.25	4 years		Member	Finance, Capital and Resources	3/4
Mahomed Maiter	10.07.25	4 years		Member		1/1
Relon Mfunda	01.01.24	1 year	31.12.24 (served as co-opted member to 31.7.25)	Student		2/3
Afikunooreoluwa Ogunlolu	24.02.25	1 year		Student		1/4
Amanda Olvanhill	18.05.23	4 years		Member	People	7/7
Hamish Rutherford	18.05.23	4 years		Member	Finance, Capital and Resources	5/7
Dot Smith (Corporation Vice Chair)	01.08.22 (R)	4 years		Member	Remuneration; Standards Improvement (Chair)	7/7
David Watson	06.07.23	4 years		Member	Audit and Risk; People (from 07.11.24)	7/7
Kirsty Wharton	17.01.25	4 years		Member	Standards Improvement	2/4
Gary Wright	13.12.22 (R)	4 years		Member	Remuneration (Chair);	6/7

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Name	**Date of Appointment** (R) = reappointed	**Term of Office**	**Date of Resignation/ End of Office**	**Status of Appointment**	**Committees Served**	**Corporation Meeting Attendance in 2024/25**
					Standards Improvement	

The Clerk to the Corporation is Sarah Thompson

Table 2: Co-opted members of committees

Gary Bowdler	Audit and Risk Committee (appointed for four years from 18.05.23, resigned 13.06.25)
John Robson	Audit and Risk Committee (appointed for four years from 16.05.24)
Jane Spence	Standards Improvement Committee (appointed for four years from 03.03.25)
Lydia Jones	Standards Improvement Committee (appointed for four years from 20.02.25)

Table 3: Subsequent changes

Ann Maria Ivin	Appointment as a student governor agreed by FE Corporation December 2024, appointment to formally commence on completion of pre-appointment checks
Ashleigh Peel-Lowes	Appointment as a governor and member of Finance, Capital and Resources Committee agreed by FE Corporation 10 July 2025, appointment to formally commence on completion of pre-appointment checks
Fabienne Bailey	Resigned as a governor 6 November 2025
Aishat Sunmonu	Appointed as a student co-opted member of Standards Improvement Committee 13 November 2025
Judith Myers	Appointed as a staff governor 13 November 2025
John Robinson	Resigned as a co-opted member of the Audit and Risk Committee 1 December 2025

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The governance framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the group 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 Corporation held five scheduled meetings and two special meetings in 2024-25.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are: Finance, Capital and Resources; Remuneration; People; Audit and Risk; and Standards Improvement. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the group's website (www.the-etc.ac.uk) or from the Group Director of Governance at: Stockton Riverside College, Harvard Avenue, Thornaby, Stockton-on-Tees, TS17 6FB.

The Group Director of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the expense of the group and have access to the Group Director of Governance, who is responsible to the board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Group Director of Governance are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to board meetings. Governor workshops, which are training and development opportunities, are scheduled to take place regularly over the year (three held in 2024-25). Additional briefings are also provided on an ad-hoc basis as required. Governors also hold an annual strategic conference.

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

There is a clear division of responsibility in that the roles of the Chair and the Accounting Officer are separate.

Appointments to the Corporation

Any new member appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body's People Committee fulfils the functions of a Search Committee and is responsible for the selection and nomination of new members for the Governing Body's consideration (other than those elected by the students and staff of the group). This committee had a membership of seven governors in 2024-25. The Governing Body is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for a term of office not exceeding four years. The Governing Body's Standing Orders detail the Governing Body's decision to set a maximum term of office for any governor of eight years except in exceptional circumstances. Exceptional circumstances may include progression to Chair of a committee, or Chair or Vice-Chair of the

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Governing Body, or to retain key skills where recruitment processes have been unsuccessful in identifying suitable candidates.

Corporation Performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2025. This took account of feedback from governors and senior managers gathered via a range of activity, a review of progress against the 2024-25 Governance Action Plan and outcomes of the Ofsted inspection undertaken in March 2025, which graded Leadership and Management as 'Outstanding'. In particular, governors acknowledged that inspectors had identified governance at Etc. as 'exceptionally strong' and recognised that governors have 'extensive experience across a range of roles, including education, finance and business…provide helpful advice to leaders regarding areas such as the development of the curriculum, the quality of education and safeguarding…provide rigorous scrutiny…challenge and support leaders well…[and] have a very clear overview of the strengths and weaknesses of the group'.

The Governance Action Plan for 2025-26 was considered by the Governing Body at its meeting on 13 November 2025 and key actions include: governor recruitment and succession planning; effectiveness of meetings and quality of reports; and governor development.

The Governing Body is committed to developing its governors, and governors regularly access internal and external training. In 2024-25, formal internal development opportunities included the Governing Body's annual strategic conference held on 20 and 21 March 2025 and three Governors Workshops. Topics covered included: progress against the Strategic Plan 2023-26 and future plans, governance and self assessment, safeguarding, sexual harassment and funding. New governors undertook in house induction activities, including meetings with the Group Director of Governance, Chief Executive and senior managers. Governors also accessed a range of external training including: Association of Colleges' (AoC) national conference and EDI Conference; webinars on key topics such as Prevent, HR and conflicts of interest; FE Commissioners 'Just One More Thing' conferences; and AoC network meetings for Audit and Finance, Curriculum and Quality, and staff governors. Governors also accessed opportunities to enhance their understanding of group operations through activities such as discussions with senior managers, attendance at the group Self Assessment Report validation meeting, participation in classroom visits and attendance at group events, such as the annual staff Winter Review, graduation ceremonies and performing art events. Link governors also attended relevant internal meetings for Safeguarding and Equality, Diversity, Inclusion and Belonging.

Training and development opportunities accessed by the Group Director of Governance, and Governance and Risk Officer during the 2024-25 year included: Governance Professionals Leadership Qualification; AoC Governance Professionals' Conference; University of Sunderland Education Governance Conference; and FE Commissioner 'Just One More Thing' events. The Group Director of Governance, and Governance and Risk Officer also regularly attended meetings of the North East Governance Professionals network and webinars covering topics such as AI; Prevent; SEND; EDI; Ofsted; managing fraud; improving governance; and continuing support for governance professionals. The Group Director of Governance, and Governance and Risk Officer accessed relevant internal training and development opportunities, including safeguarding, sexual harassment, procurement and AI.

Remuneration Committee

Throughout the year ending 31 July 2025, the Governing Body's Remuneration Committee comprised the Corporation Chair and three further independent governors. The committee's responsibilities are

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to make recommendations to the People Committee and the Governing Body on the performance, remuneration and benefits of the Accounting Officer and certain other key management personnel (specifically Senior Post Holders and the Group Director of Governance).

Details of the remuneration for the year ended 31 July 2025 are set out in note 7 to the financial statements.

The Governing Body adopted the AoC Colleges' Senior Post Holder Remuneration Code on 17 October 2019. One contractual payment made to a Senior Post Holder was not considered by governors prior to payment; this payment was subsequently reported to and reviewed by Remuneration Committee and actions agreed to avoid a similar situation in the future. In all other areas, the Corporation is fully compliant with the Remuneration Code.

Audit and Risk Committee

In 2024-25, the Audit and Risk Committee comprised between three and five members (excluding the Accounting Officer and Corporation Chair). The Audit and Risk Committee operates in accordance with written terms of reference approved by the Governing Body.

The Audit and Risk Committee meets at least four times per year and provides a forum for reporting by the group's internal auditors, reporting accountants and financial statements auditors, who have access to the committee for independent discussion without the presence of group management. The committee also receives and considers reports from the main FE funding bodies as they affect the group's business.

The group'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 internal audit 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, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Governing Body.

The Audit and Risk Committee met four times in the year to 31 July 2025 (two meetings held in the autumn term, one in the spring term, one in the summer term). The members of the committee and their attendance records are shown below:

Name	Total Attendance	Notes
Rachel Beeken	100%	4/4
Gary Bowdler	100%	3/3
Subhash Chaudhary	0%	0/1
John Robson	100%	4/4
David Watson (Chair)	100%	4/4
Overall attendance rate	94%	15/16

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Finance, Capital and Resources Committee

The key responsibilities of the Finance, Capital and Resources Committee are to monitor financial performance, accommodation issues, IT and digital matters and other facilities and resourcing matters. There were seven members of this committee as at 31 July 2025.

People Committee

The People Committee meets at least termly to consider staffing and employment matters, governor recruitment and appointments, and wider governance issues, such as Governing Body composition and succession planning, committee structures, and governor self-assessment processes. This committee had a membership of seven as at 31 July 2025.

Standards Improvement Committee

The Standards Improvement Committee meets four times per year. Its role is to support the Governing Body to: monitor and review the quality of learners' experience across all group provision, including subcontracted provision; monitor and review the group's quality assurance processes; and challenge group performance based on relevant data. The committee also investigates any specific quality issues, as referred by the Governing Body. There were seven committee members as at 31 July 2025, including two co-opted members.

INTERNAL CONTROL

Scope of Responsibility

The Corporation is ultimately responsible for the group'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 Corporation has delegated the day-to-day responsibility to the Chief Executive and Group Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the group's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between the Education Training Collective (Etc.) and the funding bodies. The 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 based on an ongoing process designed to identify and prioritise the risks to the achievement of group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Etc. for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the group 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 ongoing process for identifying, evaluating and managing the group's significant risks that has been in place for the period ending 31 July 2025 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

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The Risk and Control Framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the 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; and
- The adoption of formal project management disciplines, where appropriate

The group has an internal audit service, which operates in accordance with the requirements of the DfE's College Financial Handbook. The work of the internal audit service is informed by an analysis of the risks to which the group 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 Corporation on the recommendation of the Audit and Risk committee. At minimum annually, the head of internal audit (HIA) provides the governing body with a report on internal audit activity in the group. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls and governance processes.

Risks Faced by the Corporation

The group's Risk Management Strategy is reviewed annually and details the process for identification, evaluation and management of risks impacting on the group. Each risk is assigned a risk score, which takes account of impact and likelihood. The implementation of 4Risk software was recognised by governors as instrumental in further embedding risk as a key business process. Strategic risks are reviewed at least termly by the Audit and Risk Committee, including any changes to risk score. In addition, committees outside the Audit and Risk Committee regularly review strategic risks relevant to their areas of consideration and provide feedback on risks, scores and controls to the Audit and Risk Committee. This process will be continued during 2025-26.

Control Weaknesses Identified

No areas reviewed by internal audit were assessed as providing 'no assurance' or 'limited assurance' in 2024-25. The Audit and Risk Committee monitored actions to improve effectiveness of internal control arrangements within Assets and Inventory, an area assessed as providing 'limited' assurance during the 2023-24 academic year.

Responsibilities under accountability agreements

The group has reviewed its policies, procedures and approval processes in line with the 2024-5 College Finance Handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit and Risk Committee

The Audit and Risk Committee has advised the Governing Body that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit and Risk Committee in 2024-25 and up to the date of the approval of the financial statements are:

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- Reviewing and advising the Governing Body on the Audit Strategy and annual Internal Audit Plan for the work of the internal audit service;
- Reviewing Internal Audit Reports and considering recommendations and management responses;
  Internal audit areas considered in 2024-25 included: Safeguarding (assurance rating: substantial), Procurement (assurance rating: reasonable), Estates – Property / Health and Safety Compliance (assurance rating: reasonable), Payroll and Expenses (assurance rating: substantial), Sub-contracting arrangements (assurance rating: substantial), Cash handling and stock control (assurance rating: reasonable);
  The following advisory reviews were also undertaken: Cyber Security Maturity Assessment, and Follow up;
- Advising the Governing Body on the scope and objectives of the work of the Financial Statements Auditor and on any control issues included in the Management Letters of the Financial Statements Auditor (including their work on regularity) or other third party assurance reports and Management's responses to these. The committee reviewed the Regularity Self Assessment Questionnaire and recommended this for signature by the Governing Body Chair;
- Monitoring the implementation of recommendations relating to Internal Audit Reports, the Financial Statements Auditor's Management Letter and other third party assurance reports;
- Monitoring the effectiveness of the Internal Audit Service and Financial Statements Auditor through measures and indicators agreed with management;
- Reviewing, at each meeting, the Strategic Risk Register and considering Group risks and mitigating action;
- Monitoring fraud and regularity issues; and
- Producing an Annual Report for the Board of Governing Body and Accounting Officer, including a summary of the work undertaken by the Audit and Risk Committee during the year, the Audit and Risk Committee's view of its own effectiveness and the Audit and Risk Committee's advice on the effectiveness of the group's risk management, control and governance processes.

Review of Effectiveness

As Accounting Officer, the Chief Executive and Group Principal has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer's review of the effectiveness of the system of internal control is informed by:

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

The Accounting Officer has been advised on the implications of the result of their 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 other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management team and the Audit and Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

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The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Senior Management 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 meeting on 13 November 2025, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Senior Management 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 Accounting Officer, the Corporation is of the opinion that the group 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 Corporation on 11 December 2025 and signed on its behalf by:

Signed:

Signed by:
6FE992E1336A408...

Stuart Blackett,
Chair of the Corporation

Signed:

DocuSigned by:
Grant Glendinning
021396D3E41D4A6...

Grant Glendinning,
Accounting Officer

As Accounting officer of the Corporation of The Education Training Collective, I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the College's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding.

I confirm that I, and the board of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.

Signed:

DocuSigned by:
Grant Glendinning
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Grant Glendinning
Accounting Officer
Date: 11 December 2025

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

Within the terms and conditions of the Corporation's accountability agreement, funding agreements and contracts with ESFA, DfE, and combined authorities, 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. The Corporation 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, DfE'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 Corporation will continue in operation.

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the group, and which enable it to ensure that the financial statements are prepared in accordance with the 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 websites; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

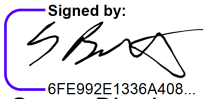
Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, 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 DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the

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Chair of the board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

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 DfE, ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 11 December 2025 and signed on its behalf by:

Signed by:

6FE992E1336A408...
Stuart Blackett
Chair of the Corporation

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Opinion

We have audited the financial statements of The Education Training Collective College (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2025 which the Consolidated and College Statements of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated 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 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).

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 2025 and of the Group's income and expenditure, gains and losses, and changes in reserves and cash flows and the College's income and expenditure, gains and losses, and changes in reserves for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, and College Accounts Direction 2024 to 2025 issued by the Department of Education.

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 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 or the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the 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 Report and Financial Statements other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Framework for auditors and reporting accountants of colleges issued by the Department of Education requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Responsibilities of the Corporation of The Education Training Collective

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 28-29, the Corporation is responsible for the preparation of 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 the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group and 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 these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding

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the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and the College operates in and how the Group and the College is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP and the College Accounts Direction published by the Department for Education. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The Group and the College is also subject to many other laws and regulations where the consequences of non-compliance could have a material impact on amounts or disclosures in the financial statements, including Further and Higher Education Act 1992, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the Group and the College are in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 5 December 2025. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent

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permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Menzies LLP
83F726A2B19F426...

For and on behalf of

MENZIES LLP
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 18-Dec-2025

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In accordance with the terms of our engagement letter dated 5 December 2025 and further to the requirements of the Department for Education (DfE), as included in the extant framework and guide for external auditors and reporting accountants of Colleges, 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 The Education Training Collective during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them..

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

This report is made solely to the Corporation of The Education Training Collective and Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of The Education Training Collective and the Secretary of State for Education 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 The Education Training Collective and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Education Training Collective and the reporting accountant

The Corporation of The Education Training Collective is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Finance Handbook for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant framework and guide for external auditors and reporting accountants of Colleges. 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 2024 to 31 July 2025 have not been applied for the 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 extant framework and guide for external auditors and reporting accountants of Colleges. We performed a limited assurance engagement as defined in our engagement letter.

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.

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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 College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Corporation;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing a sample of transactions with related parties;
- Confirming through enquiry and sample testing that the Corporation has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

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 2024 to 31 July 2025 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed by:
Menzies LLP
83F726A2B19F426...

For and on behalf of

Menzies LLP
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 18-Dec-2025

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The Education Training Collective
Consolidated Statement of Comprehensive Income and Expenditure
For the Year Ended 31 July 2025

	Notes	*Group 2025 £000*	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
Income					
Funding body grants	2	33,803	33,803	29,622	29,511
Tuition fees and education contracts	3	3,248	3,248	3,650	3,641
Other grants and contracts	4	45	45	45	45
Other income	5	1,877	1,877	1,886	1,886
Investment income	6	996	996	362	362
Total income		**39,970**	**39,970**	**35,565**	**35,445**
Expenditure					
Staff costs	7	24,736	24,736	22,786	22,719
Restructuring costs	7	157	157	201	201
Other operating expenses	8	11,197	11,361	9,478	9,443
Depreciation and Amortisation	11/12	2,679	2,665	2,554	2,517
Interest and other finance costs	9	265	240	252	190
Total expenditure		**39,035**	**39,159**	**35,271**	**35,070**
Surplus before other gains and losses		**935**	**811**	**295**	**375**
Exceptional item: release of merger grant	27	2,226	2,226	-	-
Surplus after exceptional item		**3,161**	**3,037**	**295**	**375**
Gain/(Loss) on Disposal of assets		296	-	(14)	(14)
Surplus before taxation		**3,457**	**3,037**	**281**	**361**
Taxation	10	3	3	-	-
Surplus/(Deficit) for the year		**3,454**	**3,034**	**281**	**361**
Remeasurement of net defined benefit asset/(liability)	24	(413)	(413)	(855)	(855)
Total comprehensive income for the year		**3,041**	**2,621**	**(574)**	**(493)**

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The Education Training Collective
Consolidated and College Statement of Changes in Reserves
As at 31 July 2025

	Income and expenditure	*Reserves*	*Revaluation reserve*	*Total*
	£000	***£000***	***£000***	***£000***
Group				
Balance as at 1 August 2023	23,563	75	309	23,947
Surplus from the income and expenditure account	281	-	-	281
Other comprehensive income:				
Actuarial gain	(855)	-	-	(855)
Transfer of Innersummit to Etc	(6)	-	-	(6)
Transfer to designated reserve	(25)	25	-	-
Balance as at 31 July 2024	**22,957**	**100**	**309**	**23,366**
Surplus from the income and expenditure account	1,228	-	-	1,228
Other comprehensive income:				
Actuarial loss	(413)	-	-	(413)
Transfer to designated reserve	(25)	25	-	-
Release of merger grant funding	2,226	-	-	2,226
Total comprehensive income for the year	3,016	25	-	3,041
Balance as at 31 July 2025	**25,973**	**125**	**309**	**26,407**
College				
Balance as at 1 August 2023	23,862	75	309	24,246
Surplus from the income and expenditure account	361	-	-	361
Other comprehensive income:				
Actuarial gain	(855)	-	-	(855)
Transfer of Innersummit and TVC to Etc	34	-	-	34
Transfer to designated reserve	(25)	25	-	-
	5,413	25	-	5,438
Balance as at 31 July 2024	**23,377**	**100**	**309**	**23,786**
Surplus from the income and expenditure account	808	-	-	808
Other comprehensive income:				
Actuarial gain	(413)	-	-	(413)
Transfer to designated reserve	(25)	25	-	
Release of merger grant funding	2,226	-	-	2,226
Total comprehensive income for the year	2,596	25	-	2,621
Balance as at 31 July 2025	**25,973**	**125**	**309**	**26,407**

A Designated reserve was established in accordance with an agreement with the Football Foundation in relation to the provision of a grant towards the cost of the new artificial pitch at Redcar. Under the terms, an amount of £25k per annum will be ring-fenced to provide for replacement of the playing surface 10 years after its establishment.

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The Education Training Collective
Consolidated Balance Sheets
As at 31 July 2025

	Notes	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Non-current assets					
Intangible fixed assets	11	-	-	18	18
Tangible fixed assets	12	79,186	79,186	74,825	74,448
Investments	13	-	-	-	-
		79,186	**79,186**	**74,843**	**74,466**
Current assets					
Stocks		26	26	28	28
Trade and other receivables	14	3,218	3,218	3,167	3,278
Cash and cash equivalents	19	13,302	13,301	12,601	12,600
		16,546	**16,545**	**15,796**	**15,906**
Less: Creditors - amounts falling due within one year	15	(7,819)	(7,818)	(6,225)	(6,152)
Net current assets		**8,727**	**8,727**	**9,571**	**9,752**
Total assets less current liabilities		**87,913**	**87,913**	**84,414**	**84,218**
Creditors - amounts falling due after more than one year	16	(60,863)	(60,863)	(60,351)	(59,735)
Provisions					
Defined benefit pension scheme asset/(liability)	18/24	(45)	(45)	-	-
Provision	18	(598)	(598)	(697)	(697)
Total net assets		**26,407**	**26,407**	**23,366**	**23,786**
Unrestricted Reserves					
Income and expenditure account		25,973	25,973	22,957	23,377
Designated reserve		125	125	100	100
Revaluation reserve		309	309	309	309
Total unrestricted reserves		**26,407**	**26,407**	**23,366**	**23,786**

The financial statements on pages 36 to 68 were approved and authorised for issue by the Corporation on 11 December 2025 and were signed on its behalf on that date by:

Signed: Signed by: 6FE992E1336A408...
Stuart Blackett
Chair of the Corporation

Signed: DocuSigned by: Grant Glendinning 021396D3E41D4A6...
Grant Glendinning
Accounting Officer

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The Education Training Collective
Consolidated Statement of Cash Flows
For the Year Ended 31 July 2025

	Notes	2025 £000	2024 £000
Cash flow from operating activities			
Surplus/(Deficit) for the year		3,454	281
Adjustment for non-cash items			
Release of merger grant		(2,226)	-
Depreciation and Amortisation		2,679	2,554
Capital grants released		(1,677)	(1,450)
Decrease/(increase) in stocks		2	-
Increase in debtors		(50)	(921)
(Decrease)/increase in creditors due within one year		169	1,063
Increase/(decrease) in creditors due after one year		-	-
Decrease in provisions		(100)	(10)
Pensions costs less contributions payable		(368)	95
Adjustment for investing or financing activities			
Investment income		(996)	(362)
Interest payable		265	252
Taxation paid		(3)	-
Net cash flow from operating activities		**1,149**	**1,502**
Cash flows from investing activities			
Proceeds from sale of fixed asset		363	5
Capital grants received		4,405	9,840
Other grants received		-	-
Other grants released		-	-
Investment income		996	362
Cash acquired on acquisition		-	3
Payments made to acquire fixed assets		(7,385)	(5,629)
		(1,621)	4,581
Cash flows from financing activities			
Interest paid		(240)	(190)
Interest element of finance lease rental payments		(25)	(62)
Proceeds of new borrowings-new DfE loan		2,368	401
Repayments of amounts borrowed		(244)	(244)
Capital element of finance lease rental payments		(686)	(71)
		1,173	(166)
Increase in cash and cash equivalents in the year		**701**	**5,917**
Cash and cash equivalents at beginning of the year	19	12,601	6,684
Cash and cash equivalents at end of the year	19	13,302	12,601

Of the total cash and cash equivalents held at 31 July 2025, £8.2m is ringfenced and relates to capital grants received in advance, committed to approved major capital schemes.

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1 Statement of Accounting Policies and Estimation Techniques

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* (2019 FE HE SORP), the *College Accounts Direction for 2024 to 2025* 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 group's accounting policies.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention as modified using previous revaluations as deemed cost at transition for certain non-current assets. Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise stated.

Basis of Consolidation

The consolidated financial statements include the College and its subsidiaries Stockton and Billingham College Developments Limited, NETA Training Trust and Innersummit 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 (other subsidiaries are dormant and immaterial to the College and therefore the results have no significant effect on the College). 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 and balances are eliminated fully on consolidation. In accordance with FRS 102, the activities of the Student Union have not been consolidated because the college does not control these activities.

All financial statements are made up to 31 July 2025.

Reduced Disclosures

In accordance with the 2015 FE HE SORP and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

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Going Concern

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

The College as at 31 July 2025 has £4.7m of loans outstanding, £1.9m of an existing loan held with bankers on terms re-negotiated in July 2018. The terms of the existing agreement cover the period up to July 2033. During 2023-24, a new loan agreement with the Department of Education was put in place for a total of £5m, of which £0.4m was drawdown in 2023-24 and a further £2.4m drawn down in 2024-25. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Detailed budgets and cash flow forecasts have been prepared to July 2027. The forecasts show that the College will be able to meet the bank covenants during this period. Management reviews the projections on a regular basis, and steps are taken to reduce costs where appropriate. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Revenue Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget (AEB) is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Capital Grant Funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method 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 stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment Income

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

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Other income
Income from the supply of services is recovered at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

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 of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transactions.

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

TPS
The TPS is an unfunded scheme. Contributions to the TPS are calculated to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries 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 consolidated statement of income and expenditure in the periods during which services are rendered by employees.

Teesside LGPS
The Teesside LGPS is a funded scheme. The assets of the Teesside LGPS are measured using closing fair values. Teesside 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 consolidated statement of comprehensive income and expenditure 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, the effect of the asset ceiling, and the return on scheme assets (excluding amounts included in net interest on the defined asset or liability) are recognised immediately in other comprehensive income.

Short-term Employment Benefits
Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any

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unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

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

Fixed Asset Investments
Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. Investments in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in statement of comprehensive income and expenditure.

Tangible Fixed Assets
Land and buildings inherited from the local education authority are stated in the consolidated balance sheet at valuation based on depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the consolidated balance sheet at cost.

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

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

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

Freehold buildings are depreciated on a straight-line basis over the expected useful economic life to the group of between 20 and 60 years. The group has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 60 years.

Where land and buildings are acquired with the aid of specific grants, these are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.
A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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.

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

Equipment
Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. Individual items of equipment costing £1,000 or more, or groups of items where individually the cost is less than the threshold but as a collective purchase are greater than £1,000, are capitalised over their useful economic life. Equipment inherited from the local education authority is included in the consolidated balance sheet at valuation.

- Fixtures and fittings - 10 years;
- Furniture and general equipment - 7 years;
- Vehicles and plant - 5 years; and
- Computer and ILT equipment - 3 years.

Inherited equipment has been depreciated on a straight-line basis over the remaining useful economic life to the College and is now fully depreciated.

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.

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

Intangible Fixed Assets
Major IT systems with a purchase cost in excess of £30,000 are capitalised at cost over a period of 7 years. Software costing less than £3,000 is written off to the income and expenditure account in the period of acquisition. All other software is capitalised at cost and depreciated over three years. Annual licence fees are written off to the income and expenditure account.

Intangible fixed assets are depreciated on a straight-line basis over the useful economic life as follows:

- Major IT systems - 7 years; and
- Software - 3 years.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of Intangible Assets. Amortisation is calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

In line with College policy, all depreciation charges for each of the above categories commence in the final period of the accounting year in which they came into use.

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

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Leased Assets
Costs in respect of operating leases are charged on a straight-line basis over the lease term to the consolidated statement of comprehensive income and expenditure.

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 an obligation under finance leases. 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.

Stocks
Stocks are stated at the lower of their purchase cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Operating Leases (as Lessor)
Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

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

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

Financial Liabilities and Equity
Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligation, 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, however the college has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation
The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and thereby 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

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received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element 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. Non-pay expenditure is shown inclusive of VAT with any partial recovery netted off against these figures.

The College's subsidiary companies are subject to Corporation tax and VAT in the same way as any commercial organisation.

Provisions and Contingent Liabilities
Provisions are recognised when

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

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

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

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

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty
In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis; and
- Determine whether there are indicators of impairment of the Group's tangible assets, including goodwill. 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.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgment is based on assessment of the nature of the scheme as a statutory scheme and its interest implied continuance as well as the operation of the primary and secondary contributions.

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Other Key Sources of Estimation Uncertainty

- 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.
- The present value of the Teesside LGPS benefit obligation 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 24, will impact the carrying amount of the pension obligation. 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 31 July 2025. 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 obligation.

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2 Funding Body Grants

	Year Ended 31 July		*Year Ended 31 July*	
	Group 2025 £000	***College 2025 £000***	***Group 2024 £000***	***College 2024 £000***
Recurrent Grants:				
DfE – 16-18	20,985	20,985	18,345	18,345
DfE – adult education budget	154	154	653	653
MCA – adult education budget	4,852	4,852	4,829	4,829
DfE – apprenticeships	3,148	3,148	2,997	2,886
Specific Grants:				
Release of government capital grants	1,360	1,360	1,140	1,140
Post 16 National Insurance grant	115	115	-	-
TPS contribution grant	951	951	698	698
Release of other grants	2,238	2,238	961	961
	33,803	**33,803**	**29,622**	**29,511**

3 Tuition Fees and Education Contracts

	Year Ended 31 July		*Year Ended 31 July*	
	Group 2025 £000	***College 2025 £000***	***Group 2024 £000***	***College 2024 £000***
Adult education fees	1,720	1,720	1,604	1,595
Apprenticeship fees and contracts	20	20	32	32
Fees for FE loan supported courses	263	263	445	445
Fees for HE loan supported courses	811	811	1,038	1,038
Total tuition fees	**2,814**	**2,814**	**3,119**	**3,110**
Education contracts	435	435	531	531
	3,248	**3,248**	**3,650**	**3,641**

4 Other Grants and Contracts

	Year Ended 31 July		*Year Ended 31 July*	
	Group 2025 £000	***College 2025 £000***	***Group 2024 £000***	***College 2024 £000***
Release of other capital grants	45	45	45	45
	45	**45**	**45**	**45**

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5 Other Income

	Year Ended 31 July		*Year Ended 31 July*	
	Group	*College*	*Group*	*College*
	2025	*2025*	*2024*	*2024*
	£000	*£000*	*£000*	*£000*
Catering	967	967	776	776
Other income generating activities	348	348	362	362
Miscellaneous income	562	562	748	748
	1,877	**1,877**	**1,886**	**1,886**

6 Investment Income

	Year Ended 31 July		*Year Ended 31 July*	
	Group	*College*	*Group*	*College*
	2025	*2025*	*2024*	*2024*
	£000	*£000*	*£000*	*£000*
Other interest receivable	488	488	319	319
Net return on pension scheme (note 24)	508	508	43	43
	996	**996**	**362**	**362**

7 Staff Costs – Group and College

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

	Year End 31 July		*Year End 31 July*	
	Group	*College*	*Group*	*College*
	2025	*2025*	*2024*	*2024*
Teaching staff	195	195	195	195
Non-teaching staff	504	504	507	507
	699	**699**	**702**	**702**

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	Year End 31 July		*Year End 31 July*	
	Group 2025 £000	***College 2025 £000***	***Group 2024 £000***	***College 2024 £000***
Staff costs for the above persons:				
Wages and salaries	18,284	18,284	17,102	17,046
Social security costs	1,894	1,894	1,512	1,503
Other pension costs	3,627	3,627	3,218	3,217
Payroll sub-total	**23,805**	**23,805**	**21,831**	**21,766**
Contracted out staffing services	932	932	955	954
	24,736	**24,736**	**22,786**	**22,719**
Restructuring costs: Contractual	144	144	169	169
Restructuring costs: Non-contractual	13	13	32	32
	24,894	**24,894**	**22,987**	**22,920**

Severance payments
The college paid 21 severance payments in year, disclosed in the following bands:

£0 - £25,000	21

Included in staff restructuring costs are special severance payments totalling £12,821 (2024: £69,950). Individually, the payments were £4,274, £3,309, £2,000, £2,000 and £1,238.

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 Management Team which comprises the Group Principal and Chief Executive, Deputy Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, two Vice Principals, College Principal, Group Director of Human Resources and People Development, Director of NETA Training, Group Director of Quality and Group Director of Marketing. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of key management personnel, Accounting Officer and other higher paid staff:

The number of key management personnel including the Accounting Officer was:	***2025***	***2024***
	13	10

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

	Key Management Personnel		*Other Staff*	
Range	***2025***	***2024***	***2025***	***2024***
£	***No.***	***No.***	***No.***	***No.***
10,001 to 15,000	2	-	-	-
50,001 to 55,000	1	-	-	-
60,001 to 65,000	1	1	2	2
65,001 to 70,000	-	1	-	1
70,001 to 75,000	3	3	-	-
75,001 to 80,000	2	-	-	-
80,001 to 85,000	-	-	1	-
85,001 to 90,000	-	-	-	-
90,001 to 95,000	-	2	-	-
95,001 to 100,000	-	1	-	-
100,001 to 105,000	1	1	-	-
105,001 to 110,000	-	-	-	-
110,001 to 115,000	1	-	-	-
130,001 to 135,000	1	-		
150,001 to155,000	-	1	-	-
155,001 to 160,000	1	-	-	-
	13	10	3	3

Key management personnel emoluments are made up as follows:

	2025	***2024***
	£000	***£000***
Basic salary	1,027	882
Performance related pay and bonus	-	-
Benefits in kind	-	-
Employer NI contribution	134	109
Pension contribution	237	192
	1,398	**1,183**

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 Group Principal and Chief Executive, who is the Accounting Officer, and who is also the highest paid member of staff. Their pay and remunerations are as follows:

	2025	***2024***
	£000	***£000***
Basic salary	157	151
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contribution	45	38
Grand Total	**202**	**189**

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The Governing Body adopted AoC's Senior Staff Remuneration Code in October 2019 and assesses pay in line with its principles.

The remuneration package of Senior Post Holders, including the Group Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the Governing Body who use benchmarking information to provide objective guidance.

The remuneration of the Accounting Officer for 2024-25 was determined on 5 December 2024 by the College's People Committee. The Accounting Officer was not involved in setting their remuneration. A similar process was used to determine the remuneration of other Senior Post Holders.

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

	2025	***2024***
	£'000	***£'000***
Group Principal and Chief Executive basic salary as a multiple of the median of all staff*	5.4:1	5.4:1
Group Principal and Chief Executive total remuneration (excluding exit payment) as a multiple of the median of all staff*	5.9:1	5.4:1

*All staff includes flexible/atypical staff but excludes payments to agency workers as agencies are paid via invoices and costs are not reported within total staff costs above. Details of the number of individuals involved and the number of hours worked has not been captured during the 2024-25 financial year.

Compensation for loss of office paid to former key management personnel

	2025	***2024***
	£000	***£000***
Compensation paid to former post-holder	-	27
Estimated value of other benefits, including provisions for pension benefits	-	-
	-	**27**

All severance payments were in line with Managing Public Money requirements and approved by the College's Finance, Capital and Resources Committee.

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Governors' remuneration

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

During the year, 6 (2024 - 5) governors with total expenses of £2,608 (2024 - £1,991) were paid to or on their behalf in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

8 Other Operating Expenses

	Year End 31 July		*Year End 31 July*	
	Group	***College***	***Group***	***College***
	2025	***2025***	***2024***	***2024***
	£000	***£000***	***£000***	***£000***
Teaching costs	2,613	2,613	2,374	2,357
Non-teaching costs	3,425	3,589	3,192	3,178
Premises costs	3,050	3,050	2,312	2,307
Department for Education funded franchising provision costs	2,109	2,109	1,601	1,601
	11,197	**11,361**	**9,478**	**9,443**

Other operating expenses include:	***2025***	***2024***
	£000	***£000***
Auditors' remuneration:		
Financial statements and audit*	39	48
Internal audit**	24	15
Loss on disposal of tangible fixed assets	-	-
Hire of assets under operating leases	337	256

*includes £39k in respect of the College (2024: £48k)
**includes £24k in respect of the College (2024: £15k)

Included within expenditure are the following transactions, individual transactions exceeding £5,000 are identified separately:

	Total	Individual items above £5,000	
		Amount	Reason
	£000	£000	
Compensation payments	0	n/a	n/a
Write offs	20	n/a	Irrecoverable
Guarantees, letters of comfort and indemnities	0	n/a	n/a

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9 Interest and Other Finance Costs – Group and College

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
On bank loans, overdrafts and other loans	210	210	158	158
	210	**210**	**158**	**158**
On finance leases:	25	-	62	-
Net interest on defined pension liability (note 24)	30	30	32	32
	265	**240**	**252**	**190**

10 Taxation (Group Only)

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
United Kingdom Corporation Tax	3	3	-	-
	3	**3**	**-**	**-**

The members believe that, as an exempt charity for the purposes of the Charities Act 1993, the College was not liable for any Corporation tax arising out of its activities during the period. The tax charge above relates to its trading subsidiary companies.

11 Intangible Fixed Assets (Group and College)

	Major IT/Software Group £'000	**Major IT/Software College £'000**
Cost or Valuation		
As at 1 August 2024	566	566
Additions	-	-
Disposals	-	-
As at 31 July 2025	**566**	**566**
Amortisation		
As at 1 August 2024	548	548
Charge for the year	-	-
Elimination in respect of disposals	18	18
As at 31 July 2025	-	-
Net book value as at 31 July 2025	-	-
Net book value as at 31 July 2024	18	18

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12 Tangible Fixed Assets (Group)

	Land & Buildings			Assets in course of construction	Total
	Freehold £000	Leasehold £000	Equipment £000	£000	£000
Cost or Valuation					
As at 1 August 2024	83,566	1,117	24,186	1,460	110,329
Additions	2,962	1,146	466	2,811	7,385
Transfer from Assets in course of Construction	690	-	63	(753)	-
Disposals	-	(1,102)	-	-	(1,102)
As at 31 July 2025	**87,218**	**1,161**	**24,715**	**3,518**	**116,612**
Depreciation					
As at 1 August 2024	22,219	738	12,547	-	35,504
Charge for the year	1,317	26	1,318	-	2,661
Elimination in respect of disposals	-	(739)	-	-	(739)
As at 31 July 2025	**23,536**	**25**	**13,865**	**-**	**37,426**
Net book value as at 31 July 2025	**63,682**	**1,136**	**10,850**	**3,518**	**79,186**
Net book value as at 31 July 2024	61,347	379	11,639	1,460	74,825

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12 Tangible Fixed Assets (College Only)

	Land & Buildings			Assets in course of construction	Total
	Freehold £000	Leasehold £000	Equipment £000	£000	£000
Cost or Valuation					
As at 1 August 2024	83,566	15	24,186	1,460	109,227
Additions	2,962	1,146	466	2,811	7,385
Transfer from Assets in course of Construction	690	-	63	(753)	-
Disposals	-	-	-	-	-
As at 31 July 2025	**87,218**	**1,161**	**24,715**	**3,518**	**116,612**
Depreciation					
As at 1 August 2024	22,218	15	12,547	-	34,780
Charge for the year	1,317	12	1,318	-	2,647
Elimination in respect of disposals	-	-	-	-	-
As at 31 July 2025	**23,535**	**27**	**13,865**	**-**	**37,427**
Net book value as at 31 July 2025	**63,683**	**1,134**	**10,850**	**3,518**	**79,185**
Net book value as at 31 July 2024	61,348	1	11,639	1,460	74,448

Land and buildings with a net book value of £42,510,904 have been financed by exchequer funds through, for example, the receipt of capital grants. Should these assets be disposed of the College may be liable under the terms of the financial memorandum with the funding body to surrender the proceeds.

Land and buildings with a net book value of £52,108,804 (2024: £58,006,658) are pledged as security for the loans (Note 17).

Freehold land and buildings include properties with a net book value of £1,759,500 (2024: £1,759,500) for which title deeds and leasehold agreements have been transferred to the College.

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13 Non-current Investments

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
Investments in subsidiaries	-	-	-	-
Intangible assets	-	-	-	-
	-	-	-	-

The College owns 100% of NETA Training Trust, a registered charity which constitutes a limited company, limited by guarantee, whose principal activity is the provision of training to members of the community. The charity ceased trading on 31 July 2022 and transferred its activity to the Education Training Collective.

The College owns 100% of Tees Valley Catering Ltd, a company incorporated in England and Wales, whose principal activity is the provision of catering services. The company is limited by guarantee without share capital. The company ceased trading on 31 July 2023 and transferred its activity to the Education Training Collective. The company was dissolved on 19 August 2025.

The College owns 100% of the issued ordinary £1 shares of Stockton and Billingham College Developments Limited, a company incorporated in England and Wales, whose principal activity was the development of a new college campus.

The College owns 100% of Innersummit Ltd, a company incorporated in England and Wales, whose principal activity is the provision of professional services. The company is a private company limited by shares. The company ceased trading on 31 January 2024 and transferred its activity to the Education Training Collective.

14 Trade and Other Receivables

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
Amounts falling due within one year:				
Trade receivables	845	845	844	844
Amounts owed by Group undertakings:				
Subsidiary undertakings	-	-	-	133
Prepayments and accrued income	655	655	663	641
Amounts owed by the Education and Skills Funding Agency	1,718	1,718	1,660	1,660
	3,218	**3,218**	**3,167**	**3,278**

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15 Creditors: Amounts Falling Due Within One Year

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
Bank loans	270	270	270	270
Obligations under finance leases	-	-	71	-
Trade payables	721	721	1,403	1,403
Amounts owed to Group undertakings:				
Subsidiary undertakings	-	126	-	126
Other taxation and social security	465	465	388	388
Accruals and deferred income	4,027	3,900	1,969	1,841
Deferred income – government capital grants	1,773	1,773	1,667	1,667
Amounts owed to the Education and Skills Funding Agency	563	563	456	456
	7,819	**7,818**	**6,225**	**6,152**

16 Creditors: Amounts Falling Due After One Year

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
Bank loans	4,473	4,473	2,349	2,349
Obligations under finance leases	-	-	615	-
Deferred income – government capital grants	56,390	56,390	55,160	55,160
Deferred income – government revenue grants	-	-	2,226	2,226
	60,863	**60,863**	**60,351**	**59,735**

17 Maturity of debt

(a) Bank Loans

Bank loans are repayable as follows:

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
In one year or less	270	270	270	270
Between one and two years	296	296	296	296
Between two and five years	889	889	889	889
In five years or more	3,288	3,288	1,165	1,165
	4,743	**4,743**	**2,619**	**2,619**

A bank loan at a fixed rate of 4.15% (plus margin of 2.25%), repayable by instalments falling due between 1 August 2018 and 15 July 2033, was renegotiated on 1 August 2018 in relation to the merger with Redcar and Cleveland College and is secured on the freehold assets of the Stockton, Redcar and Billingham campuses.

A Department for Education loan of £5m was agreed in March 2024, with an interest rate aligned to the Public Works Loans Board (PWLB) Standard Rate, repayable by instalments falling due between April 2026 and January 2042.

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(b) Finance Leases

The net finance lease obligations to which the institution is committed are:

	Group 2025 £000	*College 2025 £000*	*Group 2024 £000*	*College 2024 £000*
In one year or less	-	-	71	-
Between one and five years	-	-	284	-
In five years or more	-	-	332	-
	-	**-**	**686**	**-**

Finance lease obligations are secured on the assets to which they relate.

18 Provisions (Group and College)

	Defined benefit Obligations	**Enhanced Pensions**	**Dilapidation Provision**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 August 2024	-	627	70	697
Expenditure/movement in the period	(45)	(100)	-	(145)
At 31 July 2025	**(45)**	**527**	**70**	**552**

Defined benefit obligations relate to the assets and liabilities under the College's membership of the Teesside LGPS. Further details are given in note 24.

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw from the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies. The actuarial gain arising on the Enhanced Pension Provision and recognised in other comprehensive income is £67k.

The principal assumptions for this calculation are:

	2025	**2024**
Price inflation	2.7%	2.8%
Interest rate	5.5%	4.8%

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19 Cash and Cash Equivalents (Group Only)

	At 1 August 2024 £000	*Cash Flows £000*	*At 31 July 2025 £000*
Cash and cash equivalents	12,601	701	13,302
	12,601	**701**	**13,302**

Of the total cash and cash equivalents held at 31 July 2025, £8.2m is ringfenced and relates to capital grants received in advance, committed to approved major capital schemes.

20 Capital and Other Commitments (Group and College)

	2025 £000	*2024 £000*
Commitments contracted for at 31 July	12,134	4,384

Capital commitments as at the 31 July 2025 include a major capital scheme for the construction of an All Access Academy (AAA) at Redar and Cleveland College, funded by a grant from the Department for Levelling Up, Housing and Communities (DLUHC). The scheme was approved by the Corporation on 21 March 2024, at a total cost of £4.755m. Construction commenced prior to year end with an expected completion date of March 2026. The remaining commitment for the AAA as at 31 July 2025 was £1.02m. Another major capital scheme to relocate NETA Pennine Avenue site to Teesdale, funded by DfE capital funding of £3.211m, Reclassification Allocation £0.879m, DfE loan agreement £5m, Stockton Borough Council Town Deal Board £4.570m and an Etc Contribution £1.048m, total £14.707m. Construction commenced prior to year end with an expected completion date of September 2026. The remaining commitment for NETA's relocation as of 31st July 2025 was £10.797m. Further commitments of £0.317m relating to a new websites for the Group, refurbishments of a logistics classroom and ECITB Regional Hub resulting in total capital commitments at 31 July 2025 of £12.134m.

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21 Lease Obligations

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

Future minimum lease payments due:	***2025***	***2024***
	£000	***£000***
Land and buildings:		
Not later than one year	41	41
Later than one year and not later than five years	-	41
Later than five years		
	41	82
Other:		
Not later than one year	310	318
Later than one year and not later than five years	244	439
	554	757
Total Lease payments due	**595**	**839**

At the year end, the Group and College had contracted with tenants, under operating lease, for the following future minimum lease payments:

Amounts receivable	***2025***	***2024***
	£'000	***£'000***
Less than one year	25	50

The operating lease represents the lease of one area of Redcar College to third parties.

22 Contingent Asset

During 2023-24, a VAT issue has arose relating to a capital build programme at the Bede site. A claim is ongoing with HMRC to recover VAT and the timing of the outcome is uncertain. The amount due to the Education Training Collective is for an amount of up to c. £350k which is currently showing as a debtor on the balance sheet. The issue is expected to be resolved during 2025-26 and therefore has not been adjusted in this set of accounts.

23 Events after Reporting Period

There are no events to report.

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24 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 was managed by Middlesbrough Council until 1 June 2025 when management of the fund transferred to the Tyne and Wear Pension Fund. 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.

		2025		***2024***
		£000		***£000***
Total pension cost for the year within staff costs:				
TPS: contributions paid		2,173		1,755
LGPS:				
Contributions paid	1,381		1,296	
FRS 102 (28) charge	73		167	
Charge to the consolidated statement of comprehensive incomed and expenditure	1,454			1,463
Contributions from subsidiaries & Other Pension Agencies		-		1
Total Pension Cost for Year within staff costs		**3,627**		**3,218**

Contributions amounting to £402k (2024: £375k) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. 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 FRS102 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.

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Valuation of the Teachers' Pension Scheme
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) on 26 October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service as 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 rose from 23.68% to 28.68% from April 2024. The Department agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2026. The pension grant received in the year amounted to £951k (2024: £698k).

A full copy of the valuation report and supporting documentation can be found on the TPS website.

The pension costs paid to TPS in the year amounted to £2,173k (2024: £1,755k).

Teesside Local Government Pension Scheme
The Teesside Local Government Pension Scheme (LGPS) is a funded defined-benefit plan, with the assets held in separate funds administered by Tyne and Wear Pension Fund (previously Middlesbrough Borough Council to 31 May 2025). The total contributions made for the year ended 31 July 2025 were £1,965k of which employer's contributions totalled £1,381k and employees' contributions totalled £584k. The agreed contribution rates for future years are 15.7% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2025 by a qualified independent actuary.

	2025	***2024***
Rate of increase in salaries	3.75%	3.75%
Future pensions increases	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption (CPI)	2.75%	2.75%
Commutation of pensions to lump sums	50%	50%

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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 2025 Years	***At 31 July 2024 Years***
Retiring today		
Males	20.6	20.4
Females	23.5	23.4
Retiring in 20 years		
Males	21.4	21.2
Females	25.0	24.9

The College's share of the assets in the plan at the balance sheet date and the expected rates of ret were:

	Fair Value at 31 July 2025 £000	***Fair Value at 31 July 2024 £000***
Equity instruments	38,228	37,181
Debt instruments	-	-
Property	14,264	13,615
Cash	4,564	1,571
	57,056	**52,367**
Actual return on plan assets	**4,041**	**4,828**

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

	2025 £000	***2024 £000***
Fair value of plan assets	57,056	52,367
Present value of plan liabilities	(38,502)	(42,175)
Asset ceiling adjustment	(18,599)	(10,192)
Net pensions asset (note 18)	**(45)**	**0**

The value of the college's share of the net assets has been restricted due to the effect of the asset ceiling being the maximum value of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding change has been made to other comprehensive income.

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

	2025	***2024***
	£000	***£000***
Amounts included in staff costs:		
Current service cost	1,464	1,465
Past service cost	-	-
Total	**1,464**	**1,465**

Amounts included in investment income

	2025	***2024***
	£000	***£000***
Net interest income	508	43
	508	**43**

Amounts recognised in other comprehensive income:

	2025	***2024***
	£000	***£000***
Return on pension plan assets	2,244	9,005
Experience gains/(losses) arising on defined benefit obligations	(418)	(1,427)
Changes in assumptions underlying the present value of plan liabilities	6,101	1,788
Asset ceiling adjustment	(8,407)	(10,192)
	(480)	**(826)**

Movement in net defined benefit asset during the year:

	2025	***2024***
Net defined benefit asset in scheme as at 1 August	-	950
Movement in year:		
Current service cost	(1,464)	(1,465)
Employer contributions	1,391	1,298
Past Service cost	-	-
Net interest on the defined (liability)/asset	508	43
Actuarial gain or loss	7,927	9,366
Asset ceiling adjustment	(8,407)	(10,192)
Net defined benefit asset/(liability) in scheme as at 31 July	**(45)**	**-**

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Asset and Liability Reconciliation

	2025	*2024*
	£000	*£000*
Changes in the present value of defined benefit obligations:		
Defined benefit obligations as at the start of the year	42,175	39,814
Current service cost	1,464	1,465
Interest cost	2,125	2,028
Contributions by Scheme participants	548	510
Experience (gains) and losses on defined benefit obligations	(418)	1,427
Changes in financial assumptions	(6,101)	(1,788)
Estimated benefits paid	(1,291)	(1,281)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations as at the end of the year	**38,502**	**42,175**
Changes in fair value of plan assets:		
Fair value of plan assets as at the start of the year	52,367	40,764
Effect of the asset ceiling	(10,192)	6,248
Interest on plan assets	2,633	2,387
Return on plan assets	1,408	2,441
Employer contributions	1,391	1,298
Contributions by Scheme participants	548	510
Estimated benefits paid	(1,291)	(1,281)
Asset ceiling adjustment	(8,407)	(10,192)
Fair value of plan assets as at the end of the year	**38,457**	**42,175**

Virgin Media Ltd v NTL Pension Trustees II Ltd *Court Case*

The Education Training Collective is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation. The Department of Work and Pensions has since announced that it will introduce legislation to allow changes to be certified retrospectively and as a result, the Group does not believe there to be a potential contingent liability.

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25 Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £2,608 - 6 governors (2024: £1,991 - 5 governors). This represents travel and subsistence expenses, and other out of pocket expenses incurred in attending governor meetings and charity events in their official capacity. No governor has received remuneration or waived payments from the College or its subsidiaries during the year.

During the year the College purchased goods of £nil (2024 – nil) from its subsidiary and sold goods and services of £nil (2024 - £nil) to its subsidiary. There were amounts of £nil (2024 – £nil) owed to the subsidiary and £nil (2024: £132,495) owed by the subsidiary at the reporting date.

26 Amounts Disbursed as Agent

	2025	***2024***
	£000	***£000***
Learner support funds:		
16-18 bursary grants	722	612
Other funding body grants	215	263
Interest earned	-	-
	937	875
Disbursed to students	(645)	(535)
Administration costs	(36)	(32)
Balance unspent as at 31 July, included in creditors	**256**	**308**

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 consolidated statement of comprehensive income and expenditure.

The College distributed 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting period ended 31 July 2025, the college received a total of £757k and disbursed £776k from 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £48k for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £64k, of which £0 relates to funds that are in scope to be returned to DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £648k received from DfE, £696k disbursed to learners after charging £47k for administration costs, and total cumulative unspent funds of £84k, of which £0 was repaid to DfE.

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27 Release of merger grant

Results for the year include a one off exceptional item of £2.226m relating to the release of grant funding received to support the merger with Redcar and Cleveland College in 2018. The grant conditions included a monitoring period which ended in July 2025. All of the grant conditions have been met, and as such the remaining balance is recognised as income in 2024-25.