The Education Training Collective

Annual Report

of the Members of the Corporation and

Financial Statements

for the year ended

31 July 2022

Annual Report and Financial Statements of the Corporation

For the period 1 August 2021 to 31 July 2022

Contents

Board of Governors

The members who served on the Corporation during 2021-22 were:

Mark White OBE DL (Chair)
Stuart Blackett (Vice Chair)
Fabienne Bailey
Rachel Beeken
Samantha Beel
Subhash Chaudhary MBE
Phil Cook
Paige Costello
Lilly Crisp
Louise Davies
Martin Gray
Ethan Harper
Katy Ludgate
Rob Mitchell
Dot Smith
Jen Vanderhoven
Anne Vickers
Mark Wilson
Gary Wright

A full list of Governors is given on pages 21 to 22 of these financial statements.

Clerk

Sarah Thompson acted as Clerk to the Corporation throughout the period.

Senior management team

Phil Cook Group Principal and CEO; Accounting officer
Phil Hastie; Group Executive Director Planning and Infrastructure
Fiona Sharp; Group Executive Director of Finance
Jason Faulkner; College Principal: Redcar
Lesley Graham; College Principal; Stockton
Ben Robinson; College Principal; Bede
Phil Blewitt; Managing Director NETA
Gary Potts; Group Vice Principal Business, Innovation and Partnerships
Erika Marshall; Group Director of Marketing
Kay Taylor; Group Director of Human Resources
Peter Wood; Interim Group Director of Quality

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

Professional Advisors

Financial Statements Auditors and Reporting Accountants
RSM UK Audit LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Internal Auditors
AuditOne
Tanfield Lea Business Centre
Tanfield Lea
Stanley
Durham
DH9 9DB

Bankers
Barclays Bank
49 High Street
Stockton-on-Tees
TS18 1AH

Solicitors

Weightmans LLP
1 St James' Gate
Newcastle upon Tyne
NE99 1YQ

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

Askews Solicitors
4-6 West Terrace
Redcar
Cleveland
TS10 3BX

Bramhalls
The Old Reading Room
76 Eastham Village Road
Eastham Village
Wirral
CH62 0AW

Thompsons Solicitors
Grove House
55 Lowlands Road
Harrow
Middlesex
HA1 3AP

National Education Union
Hamilton House
Mabledon Place
London
WC1H 9BD

Macks Solicitors
1 Peel Court
24 St Cuthberts Way
Darlington
Co. Durham
DL1 1GB

OBJECTIVES AND STRATEGY

The Governing Body present their annual report together with the financial statements and auditors' report for The Education Training Collective for the year ended 31 July 2022.

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.

Mission

The Corporation reviewed the Group's mission during 2021-22 and retained its mission statement as follows:

"We will deliver great learning opportunities, inspirational educational experiences and real practical skills training for the young people, adults, businesses and the diverse communities that we serve".

Implementation of Strategic Plan

The Education Training Collective's annual strategic planning process commences each year in February with a Governors' Strategic Seminar. The strategic seminar provides governors with the opportunity to:

- consider current performance;
- consider the current and future socio-economic and political environment; and
- formulate the following year's strategic goals.

The outcomes from strategic seminars are significant and ultimately lead to the Group producing a list of Strategic Goals.

Strategic Goals 2021-22

Governors agreed the following Strategic Goals for 2021-22:

1. Quality improvement – To deliver an outstanding student experience.
2. Financial sustainability – Maintain financial sustainability through the delivery of the Group's Financial Plan.
3. Develop and deliver a capital investment programme to ensure a 'fit for purpose' estate for the future.
4. Reputational building – Further develop a transformational approach to partnerships, based on an external facing (demand led) approach.
5. Staff – For the Group to be recognised as a Great Place to Work.
6. A curriculum fit for purpose – Deliver a Demand-Led Curriculum, to meet the needs of local communities.

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 2021-22 were:

(a) To achieve the budget, in line with the financial plan;
(b) To generate sufficient cash to service the Group debt and meet the lending covenants set by our bankers; and
(c) To fund the Group's capital programme.

During 2021-22, all of these objectives were met.

RESOURCES:

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

People

The Group employs 742 people of whom 198 are teaching staff

Students

The Group enrolled approximately 11,500 students. The College's student population includes c.2,500 16-18 year old students, c.1,300 apprentices, c.450 higher education students and c.7,200 adult learners, of which c.2,800 are funded through Adult Education Budget and Advanced Learner Loan funding. In 2021-22 the College has delivered activity that has produced £19.2m in funding body main allocation funding (2021 - £18.8m).

Financial

The Group has £19.7m of net assets (including £2.6m pension liability) and long-term bank debt of £2.7m. 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 Trust operates from industrial premises in Stockton supporting training, development and assessment.

Reputation

The Etc. continues to build on its already strong reputation as a high performing provider of training, skills and learning experiences. Through its approach to transformational partnership working, the group has strong relationships with Stockton-on-Tees Borough Council, Redcar and Cleveland Borough Council, the Tees Valley Combined Authority (TVCA) including Tees Valley Mayor Ben Houchen, Teesside University, the Education and Skills Funding Agency (ESFA) and a large number of longstanding business relationships across the Tees Valley and England.

The group works closely with local schools and colleges to remove barriers to learning and to increase opportunities for the residents of the boroughs of Stockton-on-Tees, Redcar and Cleveland and the wider communities.

NETA Training Trust continues to grow its commercial training activities with an expanding, national portfolio of clients, training over 4,220 professionals and working with over 960 local businesses during 2021-22. NETA has also grown its 16-18 learner recruitment by over 7.8% for its September 2022 intake based on its strong reputation in industry, local business communities and amongst local schools. 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 North East Chamber of Commerce. NETA has successfully gained recertification for its ISO 45001 Health & Safety and ISO 9001:2005 quality standards. As part of the Etc. Ofsted inspection NETA was graded by inspectors as 'Good' with four 'Outstanding' sub judgements.

Stakeholders

The College (Group) has many stakeholders, including:

- Its current, future and past students;
- Its staff 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;
- Education sector funding bodies;
- FE Commissioner;
- Local employers (with specific links);
- Local Authorities;
- TVCA;
- Local Enterprise Partnerships (LEPs);
- Membership organisations;
- Partner schools and the local community;
- Teesside University;
- Other FE institutions;
- Professional bodies;
- Barclays Bank;
- MPs; and
- The Prince'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 the 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 page 21 to 22. 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 more than 11,500 students, including c.215 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 over 1,300 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:

- **NEETs:** To reduce the numbers of young people Not in Education, Employment or Training (NEETs) the Group entered into partnership with the Local Authority and Eaglescliffe School to create the Skills Academy in Billingham, launched in 2015. The Academy offers a wide range of vocational programmes for 14-16 year olds and young people aged 16-18 who are not yet ready for mainstream college. In September 2019, a full time vocational pathway for 14-16 year olds was launched in direct response to meet the growing needs of the local authority.

- **ESOL:** The Group is the main provider across the Tees Valley of English for Speakers of Other Languages (ESOL) courses for students where English is not their first language. The College 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.

- **Prince's Trust:** The Prince's Trust provision regularly achieves national acclaim and has recently won a Gold award at the National Teaching Awards for Team of the Year. 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. During the lockdown period Prince's Trust programmes were delivered online to learners who would otherwise not have been engaged in education.

- **Working with the unemployed:** The Group's work with the unemployed in respect of reskilling and upskilling is something the Group are particularly proud of. In 2021-22, across our Bespoke Employer Led Programmes (BELP), there were 769 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), Youth Directions and European Social Fund (ESF) prime providers, the Group is successfully positioned to flexibly engaging 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 and safeguarding officers offer pastoral support to student. The team also signposts to internal services such as careers and financial support as well as specialist agencies such as talking therapies and counselling, sexual health and harm minimisation services. In light of COVID-19, many forms of communication were adopted: MS Teams, emails, texting and telephone calls to maintain high levels of communication with those who need it most. Following the easing of the pandemic these methods of communication have been maintained.

- **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.

DEVELOPMENT AND PERFORMANCE

Financial Results

The financial results for the year are summarised as follows:

	Group	*Group*
	2022	***2021***
	£000	***£000***
Operating surplus for the year	545	427
Surplus for the year from continuing operations	545	427
FRS 102/EPP pension adjustments	(3,095)	(2,750)
Deficit before other gains and losses	(2,550)	(2,323)
Loss on disposal of asset	(4)	(24)
Deficit for the year	(2,554)	(2,347)
Actuarial gain in respect of pensions schemes	22,188	7,539
Total comprehensive income for the year	**19,634**	**5,192**

The FRS 102 pension adjustments impacted interest payable by £390k, staff costs of £2.689m and actuarial gain in respect of pension schemes by £22.083m. The Enhanced Pension Provision (EPP) adjustments impacted interest payable by £16k and actuarial gain of £105k.

A shortfall in income in 2021-22 against original target across the Group, mainly from Adult Education Budget, Apprenticeships and Commercial activity has been offset by savings in staff costs and non-pay expenditure, resulting in the original budget surplus of £515k being achieved. Shortfalls in these lines will impact into future years but can be mitigated if recruitment activity can return to previous levels. Early indications in 2022-23 are looking positive for Commercial although Apprenticeships remain an area of focus due to the continued difficulties experienced by employers as a result of COVID-19 and the current economic climate.

The updated actuarial valuation for 2021-22 of the defined benefit pension liability has seen a further recovery, with an overall net gain on the schemes in year of £22.188m. This has resulted in an improvement in the deficit, now falling below pre Covid-19 levels. The changes in assumptions have led to an increased charge to the accounts. The effect of both has resulted in a return to positive Income and Expenditure reserves on the balance sheet.

Cash Flows and Liquidity

There was a net cash inflow from operating activities in the year of £2,804k (2021: £2,574k). This was sufficient to cover capital investment and the servicing of borrowing. There was an overall net increase in cash for the year of £0.733m (2021 – £0.168m).

During the year the Group made planned repayments on the existing long term fixed loan.

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 £2,363k: including £555k in IT Infrastructure, £275k in Curriculum Equipment and £1,287k investment in the estate as part of the major capital programme in progress.

Reserves

The Group has accumulated reserves of £19.7m, a pension liability of (£2.6m) and cash balances of £4.1m. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Sources of Income

The Group has significant reliance on the education sector funding bodies for its principal funding source. In 2021-22 the further education (FE) funding bodies provided 77.17% (2021 – 77.82%) of the Group's total income.

Group Companies

The Corporation has five subsidiary companies. 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.

On 3 August 2015, the College acquired NETA Training Trust, an independent training provider with one subsidiary company. NETA Enterprises Ltd operated as a commercial arm of the Trust and in March 2016 ceased trading and all activity was transferred to NETA Training Trust. 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). Tees Valley Training Ltd is currently dormant but is retained as a potential vehicle for commercial activity.

FUTURE PROSPECTS

Future developments

The Group has utilised Group cash resources and grant funding during 2021-22 to continue to invest in its facilities to support growth and the experience of learners.

Following on from £2.1m of capital investment in 2020-21, the Group has invested £2.4m in 2021-22, including:

- Improvements at the Redcar College site to support the implementation of new T Level delivery;
- The creation of a Clean Energy Education Hub – new engineering workshops at Redcar to support skills training in clean energy technology and retrofitting. This investment will continue into 2022-23 and be operational in January 2023.
- The expansion of capacity at Bede Sixth form, with the creation of an additional 9 teaching spaces, to facilitate increasing demand. This investment will continue into 2022-23 and be operational in Spring / Summer 2023.
- The development of the Group property strategy, including the longer-term strategy for NETA and the acquisition of additional land at the Stockton Riverside College site.
- IT equipment; and
- Upgrading other facilities to support the learner and staff experience.

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

Developments are planned to further improve the environmental sustainability of the Group, setting and delivering energy usage and waste reduction targets. A Group Environmental Strategy has been agreed and the Investors in the Environment Bronze standard achieved in the first year; with Silver retained in 2021-22. The Group is working towards the 'Green' standard.

Financial Plan

The Corporation approved a financial plan in July 2022 which sets objectives for the period to 2024. 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 2023-24.

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 Performance Review (PR) systems. The BP/PR system enables precise and pre-emptive financial management and for the five years prior to the merger with RCC the Group delivered surpluses. The Group has successfully diversified its income streams, countering the reductions of ESFA funding per learner by continuing to develop Apprenticeships, Higher Education programmes and commercial income. 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 PR processes, maintained effective financial management throughout the period. Prompt financial review and appropriate actions enabled the Group to perform in line with 2021-22 financial year expectations. This process informed the financial plans for 2022-23 and 2023-24.

The Group's ESFA main funding allocations for 2022-23 have been confirmed at £16.7m for young learners and £4.7m for adult learners (from ESFA and TVCA).

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, not least through Advanced Learning Loans and Apprenticeships.

Financial Health

The Group is assessed by the ESFA 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 2022 show the Group assessed as "Outstanding" financial health rating to July 2023.

Treasury Policies and Objectives

The Group has treasury management arrangements in place to manage cash flows, banking arrangements, money market and the risks associated with those activities. Short term borrowing for temporary revenue purposes is authorised by the Chief Executive and Group Principal. All other borrowing requires the authorisation of the Corporation.

Reserves

The Group has no formal Reserves Policy but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for 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 £19.347m (2021: (£0.263m)). The Group holds a Revaluation reserve of £309k that relates solely to inherited land at the Billingham site.

The Defined benefit pension provision stands at a negative £2.567m (2021: negative £21.571m). 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 and Internal Control.

A risk register is maintained at the Group level which is reviewed at every meeting held by the Audit 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 along with the action taken to minimise them. Not all the factors are within the Group's control. Other factors besides those listed below may also adversely affect the Group.

1 Government Funding

The Group has reduced reliance on continued government funding (through the further education funding bodies and through franchised Higher Education Funding Council for England (HEFCE) funding) and has diversified income streams.

In 2021-22, 77.17% of the Group's revenue was public funded. The Group has successfully diversified income sources, growing 16-18 apprenticeship income, adult apprenticeships and commercial income.

The Group is still heavily reliant on public funding and there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The Group is aware of several issues which may impact on future funding:

- Worsening government finances impacting upon the amount available to invest in FE (both revenue and capital) and wider uncertainty and change in government leading to a lack of consistency in direction;
- An increasing role for the Combined Authority in determining skills funding;
- Destabilisation of Apprenticeship provision as a result of COVID-19 and Apprenticeship funding changes;
- Planned changes to technical education resulting from T Level implementation;

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Further development of loan funded provision;
- By ensuring the Group is rigorous in delivering high quality education and training;
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies;

- Ensuring the Group is focused on those priority sectors which will continue to benefit from public funding;
- Regular dialogue with funding bodies; and
- Proactive partnerships with key stakeholders, including lenders, the local authority and the Combined Authority.

2 Tuition Fee Policy

The Group charges all learners, or their nominated sponsors, fees unless they qualify for exemptions or fee remission. Fees for courses are published on the respective college website (www.bede.ac.uk/www.neta.co.uk/www.cleveland.ac.uk/www.stockton.ac.uk) and/or in printed course guides and publications per respective college.

Fees comply with the ESFA and other relevant funding body regulations and guidance and are, in general, set annually in line with market conditions for a particular course.

The risks associated through changing fee assumptions will be managed through rigorous performance management and business planning and:

- By ensuring the Group is rigorous in delivery high quality education and training, thus ensuring value for money for students; and
- Close monitoring of the demand for courses as prices change.

3 Maintain Adequate Funding of Pension Liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the Group's balance sheet in line with the requirements of FRS 102. In 2021-22 the deficit reduced to £2.567m, following a sharp increase in 2019-20 from £10.5m to £26.4m due to the impact of:

- Revaluation of the scheme in 2019;
- Changes to actuarial assumptions;
- Impact of judgement leading to amendment of the scheme to equalise pension benefits from men and women in relation to minimum pension benefits, "GMP";
- Impact of McCloud judgement which confirmed that schemes will need to amended to remove age discrimination in relation to reforms in 2014-2015 that introduced protections for older members; and
- Impact of Covid-19 on market values.

4 Failure to Maintain the Financial Viability of the Group

The Group's current financial health grade is classified as "Good" as described above. This is based on the financial statements to July 2021. The latest financial plan submitted to the ESFA in July 2022 assesses the Group as "Outstanding", to be confirmed following submission of these financial statements.

The continuing challenge to the Group's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring via performance review
- Robust financial controls
- Exploring ongoing procurement efficiencies

5 Energy costs & inflation

The Group is in a relatively good position in relation to utility costs, having fixed prices (at a significantly lower rate than available at the point of government intervention to support providers) in a timely manner to enable effective planning. However, close attention will be paid to changing prices as these will have the potential to impact the Group in future years (2024 and beyond).

In line with the Group's environmental ambitions, action is also being taken to further reduce demand for energy in order to mitigate both cost and the use of carbon.

6 Staffing

The recruitment and retention of staff is a major issue across the FE and Skills sector, and the Group also experiences the impacts of staffing change. A staff turnover rate higher than the sector average can impact upon the ability of the Group to deliver effectively – specifically in relation to specific areas of delivery. The Group is well placed to promote a wide range of beneficial employment benefits to employees and is further developing this package into 2022-23.

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: Lighting replacement programme – fitment of LED lighting to reduce electricity consumption.
- Measure 2: 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 are set out below:

UK Greenhouse gas emissions and energy use data for the period	**1 August 2021 to 31 July 2022**
Energy consumption used to calculate emissions (kWh)	334,127
Scope 1 emissions in metric tonnes CO2e	
Gas consumption	677
Owned transport	17
Total	694
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	55
Scope 3 emissions in metric tonnes CO2e	
Business travel in employee owned vehicles	20
Total gross emissions in metric tonnes CO2e	**769**
Intensity ratio	
Metric tonnes CO2e per student/FTE/staff member/floor area	1.48

Qualification and reporting methodology

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

Intensity ratio

The chosen intensity measurement ratio is Metric tonnes CO2e per FTE

KEY PERFORMANCE INDICATORS

Performance in 2021-22 against the targets relating to the Corporation's priorities is shown below:

Measure	Target	Actual Performance*
Quality		
Overall Achievement rates:		
a. 16-18	89.5%	86.7% (+3.3)*
b. Adult	93.5%	92.9% (+3)
Overall Apprenticeship Achievement rates:		
a. Overall	73%	57% (-0.7)**
b. Timely	70%	58.8% **
a. 16-18 English GCSE (A*-C)	35%	23.3% (+0.6%)
b. 16-18 Mathematics GCSE (A*-C)	20%	18.3% (+3.0%)
% recommend the College as a great place to study	95%	96%
Human Resources		
Staff engagement ("is the Group a good place to work?")	93%	93%
Financial		
Pay cost/income (less subcontracting income) % (excluding restructuring costs)	69.27%	68.12%

*+ or – national rates in brackets.

** The Apprenticeship Achievement rate performance of the Group is attributed to the Covid-19 pandemic.

The Group was inspected in May 2022 and received *good* for overall effectiveness. Four of the key judgements were judged *Outstanding*: Education programmes for young people, behaviour and attitudes, personal development and leadership and management. All other key judgements received *Good*.

Student achievements

16-18 achievement rates for the Group are 86.7% (+3.3% against the national rate.) 19+ achievement rates are 92.9% (+3% against the national rate.)

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

The Group is assessed by the ESFA as having a "Good" financial health grading. The current rating of "Good" is considered an acceptable outcome as described earlier in the Report.

Payment Performance
The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received.

The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2021 to 31 July 2022, 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.

EQUALITY AND DIVERSITY

Equality
The Education Training Collective (Etc.) is committed to ensuring equality 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 strive to remove conditions which place people at a disadvantage to ensure a fully inclusive environment.

At the Education Training Collective (Etc.), we aim to become an exceptional educational institution that focuses on ensuring all our 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 one of our learners. We will promote shared values that include equality, diversity and inclusion, valuing and involving our community, showing care and respect for others and demonstrating honesty and fairness in everything we do.

The Group's Single Equality Scheme is resourced, implemented and monitored on a planned basis. The application of this policy is monitored through the Equality, Diversity and Inclusion Strategy Group which includes representation from the Group's Governing Body. The Group produces an Equality, Diversity and Inclusion Annual Report; together with monitoring compliance against the Group's 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 intranet site.

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

Staff continue to be provided with support to challenge effectively discriminatory behaviour or behaviour which is contrary to Fundamental British Values.

The Group is committed to Mental Health and Well-Being.

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

Disability Statement

The Group seeks to achieve the objectives set down in the Equality Act 2010:

1. The Group will ensure safe access to all buildings i.e. automatic and disabled doors at all main entrances and provide specialist equipment for staff and students, including but not limited to: evacuation chairs, hearing loops, desks and chairs.
2. The Group continuously makes significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There is a team of Learning Support Assistants that provides a variety of support for learning. There is an ongoing programme of continuous professional development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
3. Safe movement around the Group is ensured through rigorous monitoring to make sure that lifts are in good working order and available, as well as through the provision of drop kerbs, manifestations on automatic doors, clear glass windows and clearly marked disabled parking spaces.
4. Personal Emergency Evacuation plans are created for anyone who may have difficulty in the event of an evacuation, whether this may be permanent or temporary.
5. The Group undertakes regular audits to ensure students have access to the support and equipment identified in their Educational Health Care Plans (EHCP) and that funding guidelines are met. The Group has specialist staff to oversee the EHCP process within the Group and ensure adherence to legal guidelines.
6. The Learning Support team provides information, advice and arranges support, where necessary, for students with disabilities. There is specialist equipment and software available through the specialist learning support team.
7. Admissions panels are held with appropriately qualified staff to ensure the support needs of individual students are considered when deciding. Appeals against a decision not to offer a place are dealt with under the complaints policy.
8. All students with learning difficulties and/or disabilities are offered the same opportunities as other students to take part in all aspects of the study programme, including enrichment, work experience and enterprise. Counselling and welfare services are described in the Group Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.
9. The Group is 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 intranet. Particular focus in 2021-22 has been on sexual violence and harassment and ensuring that our learners feel safe and secure and where problems occur have the confidence to raise them.

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	2
FTE Employee Number	0.4 fte

Percentage of Time	Number of Employees
0%	-
1-50%	2
51-99%	-
100%	-

Total cost of facility time	£2,225
Total pay bill	£21.708m
Percentage of total bill spent on facility time	0.01%

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

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 ESFA and demonstrates that it will be financially sustainable over the period of the plan. Throughout 2021-22, the Group has maintained effective measures to mitigate the impact of a shortfall in income 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.

Events after the Reporting Period
The Chief Executive and Group Principal, Phil Cook, left the Group on 21 August 2022, after nine years in post, during which time Phil successfully led the transformation of the Group including multiple mergers and improvements in finance and quality. The new Chief Executive and Group Principal, Grant Glendinning, joined on 22 August 2022.

The Chair of the Corporation, Mark White OBE DL, left the Group as at 31st July 2022, after taking up post of Corporation Chair in 2016 and had a pivotal role in renewing the Group's governance structures and securing the success of multiple mergers. Stuart Blackett resumed the role of Chair from 1 August 2022.

On 1 August 2022, NETA Training Trust transferred its trading activities and certain assets and liabilities to the Etc. It continues to trade under the name of NETA Training as part of the Group.

On 29 November 2022, the Office for National Statistics (ONS) reclassified all college corporations as public sector institutions for financial and accounting purposes. The Department for Education (DfE) will be responsible for ensuring the College complies with financial and accounting rules including but not limited to the ability to obtain commercial debt.

The College has initially assessed the impact of this change alongside the assessment of Going Concern and it has determined it does not have a material impact on the College's operations or financial position. The College does have debt but this is over a fixed term and as such is not due for refinancing.

The College will continue to work with the DfE with regard to future changes over the next two years as transitional arrangements are put in place.

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 15 December 2022 and signed on its behalf by:

Signed:

Stuart Blackett
Chair of the Corporation

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 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The Group 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 Association of Colleges in the Code of Good Governance for English Colleges ("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 2022. This opinion is based on an internal governance evaluation reported to the board on 15 December 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 22 October 2015 (revised Code adopted from 1 August 2022).

The Corporation's practices are not fully consistent with the Code in the following areas:

- The Corporation has not published a separate schedule of delegation, considering this requirement to be sufficiently met through the Articles of Government, which stipulate the responsibilities that cannot be delegated and the committee terms of reference;
- The Corporation does not formally discuss with stakeholder and community representatives the coverage and timing of its reporting but this is managed through both formal and informal engagement;
- The directors appointed to the group's only active subsidiary, Tees Valley Catering, do not currently include any members that are nether staff nor corporation members.
- The board's self-assessment process does not specifically consider the views of staff, parents, employers and student communities, although governors do consider relevant stakeholder feedback in relation to the Group. In addition, the views of staff and student governors are sought, and independent governors are able to articulate the views of a wide range of employers and other bodies. External views are taken into account as appropriate, for example, Ofsted judgements and views of internal and external auditors. Governors regularly seek external support as part of their review of the organisation's strategic direction.

The Group is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

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: Members 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 2021/22
Fabienne Bailey	01.07.21	4 years		Member	Finance and Employment; Search and Governance	7/9
Rachel Beeken	01.07.21	4 years		Member	Audit	8/9
Samantha Beel	01.08.18	4 years	End of office 31.7.22	Staff	Search and Governance; Standards Improvement	3/8
Stuart Blackett	25.04.19	4 years		Member	Audit (Chair to 3.3.22); Remuneration (Chair); Search and Governance	9/9
Subhash Chaudhary MBE	20.10.20 (R)	4 years		Member	Audit (Chair from 3.3.22)	8/9
Phil Cook	04.02.13	Ex officio		Principal	Finance and Employment, Standards Improvement, Search and Governance	8/8
Paige Costello	14.10.21	4 years		Student		1/7
Lilly Crisp	10.03.22	4 years	Resigned 05.04.22	Student		0/1
Louise Davies	22.11.18	4 years		Member	Finance and Employment (Chair); Remuneration	8/9
Martin Gray	07.05.20	4 years	Resigned 30.06.22	Member	Finance and Employment	6/8
Katy Ludgate	22.10.20	4 years	Resigned 31.07.22 (due to leaving college employment)	Staff	Standards and Improvement	6/8

Name	Date of Appointment (R) = reappointed	Term of Office	Date of Resignation/ End of Office	Status of Appointment	Committees Served	Corporation Meeting Attendance in 2021/22
Rob Mitchell	01.08.18	4 years	End of office 31.07.22	Member	Search and Governance	7/9
Dot Smith	01.08.18	4 years		Member	Remuneration, Search and Governance; Standards Improvement (Chair)	9/9
Jen Vanderhoven	01.07.21	4 years	Resigned 26.11.21 (due to leaving area)	Members	Finance and Employment Committee	1/1
Anne Vickers	07.05.20	4 years		Member	Standards Improvement	9/9
Mark White OBE DL, Chair	17.10.17 (R)	4 years (extended to 31. 7.22 by Corporation decision 24.3.21)	End of office 31.07.22	Member	Finance and Employment, Remuneration, Search and Governance, Standards Improvement	8/9
Mark Wilson	01.07.20	4 years		Member	Audit Committee	9/9
Gary Wright	13.12.18	4 years		Member	Standards Improvement	8/9
The Clerk to the Corporation is Sarah Thompson						

Table 2: Co-opted members of committees (not members of the Corporation)

Vanessa Housley	Standards Improvement Committee (appointed for four years from 7.5.20)
Simon Wood	Standards Improvement Committee (appointed for four years from 9.12.21)

Table 3: Subsequent changes

Phil Cook	Resigned as Ex-Officio governor on 21.8.22 due to leaving Etc. employment
Grant Glendinning	Appointment as Ex-Officio governor on 22.8.22 due to taking up employment with Etc.
Vanessa Housley	Appointment as governor and resignation as co-opted member of Standards Improvement Committee 20.10.22
Lorraine Preston	Appointment as Staff Governor 20.10.22
Liz Dixon	Appointment as Staff Governor 20.10.22
Paige Costello	Resigned as Student Governor 10.11.22 due to transfer to a different college

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 met nine times in 2021-22, with five scheduled meetings and four special meetings.

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 and Employment, Remuneration, Search and Governance, Audit, 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 Clerk to the Corporation at: Stockton Riverside College, Harvard Avenue, Thornaby, Stockton-on-Tees, TS17 6FB.

The Clerk to the Corporation 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 Clerk to the Corporation, who is responsible to the board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the clerk 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 (two held in 2021-22). 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 Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, which had a membership of seven governors in 2021-22. The Search and Governance Committee is responsible for the selection and nomination of new members for the Corporation's consideration (other than those elected by the students and staff of the Group). The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. The Corporation's Standing Orders detail the Corporation'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 Corporation, 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 2022 and governors recognised a wide range of group strengths, including: leadership and management, commitment, continuous improvement, and engagement with employers. This reflected outcomes of an Ofsted inspection undertaken in May 2022, in which 'Leadership and Management' was judged to be 'Outstanding' and it was acknowledged that 'a rigorous governance model' in in place and that 'governors are extremely knowledgeable about the strengths and weaknesses of the group and provide highly effective challenge to leaders'. In their self-assessment, governors identified some key areas of improvement and key group priorities, as well as a wide range of decisions made by governors which had impacted on performance of the group and learners' experience. Governors agreed actions to further improve Board effectiveness at the Corporation meeting held on 15 December 2022 and key actions included: ongoing improvements to effectiveness of Board papers; ensuring clarity in relation to the governor role; ensuring clear succession plans for the Senior Management Team; and understanding the group's engagement with new business/growth areas.

The Governing Body is committed to development and governors regularly access internal and external training. In 2021-22, internal development opportunities included the Corporation's annual strategic conference held on 4 and 5 February 2022 and three Governor Workshops held in September, January and June. Topics covered included: safeguarding, curriculum intent and implementation, T Levels, Ofsted, and Equality, Diversity and Inclusion. New governors appointed in July 2021 undertook in house induction activities, including tours of college sites, and meetings with the Clerk, Chief Executive and senior managers.

External training accessed by governors included: the Association of Colleges' Online Governors' Summit; the Association of Colleges'/ Education Training Foundation's North Governance Conference and the AoC webinar, 'Developing a whole college approach to careers education'. The Corporation Chair additionally attended the Association of Colleges Chairs' Forum and the Education Training Foundation's Chairs' Alumni Conference 2022 – The future of work and learning. Committee chairs participated in the Association of Colleges' networks for Chairs' of Curriculum / Quality, Finance and Audit Committees. The Safeguarding Link Governor undertook the Education Training Foundation training for Safeguarding Link Governor and a governor involved in the Selection Panel for Chief Executive recruitment undertook Safer Recruitment training. A staff governor was involved in the planning group for the Education Training Foundation's Staff Governors' Conference 2021

Further development opportunities accessed by governors in order to enhance their understanding of group operations included: attendance at departmental, college and group Self Assessment Report validation meetings; attendance at business planning and performance review sessions; participation in learning walks; attendance at learner forums; and attendance at other college events, including annual staff seminar, performing arts events and art shows.

Training and development opportunities accessed by the Clerk to the Corporation and Governance Support Officer during the 2021-22 year included: the Association of Colleges' Governance Professionals Conference 2022, the Association of Colleges Regional Governance Conferences, Education Training Foundation Governance and Governance Professionals' Development Workshops, and the AoC Governors' Summit. The Clerk to the Corporation and Governance Support Officer also regularly attended meetings of the North East Governance Professionals network and the Clerk to the Corporation served as the North East representative on the AoC National Governance Professionals Special Interest Group until February 2022 (end of term of office). The Governance Support Officer undertook the Education and Training Foundation's Intermediate Level Programme for Governance Professionals, 'The Technical Aspects of being a Governance Professional' (this was previously undertaken by the Clerk). The Clerk and Governance Support Officer also attended a range of webinars covering topics such as charity law, trustee appointments, improving board diversity and local skills improvement plans.

The Governing Body has considered DfE guidance on board reviews and has plans to commission an external reviewer in future but did not carry out a formal review in 2021-22.

Remuneration Committee

Throughout the year ending 31 July 2022, the Corporation's Remuneration Committee comprised the Corporation Chair and three further independent members. The committee's responsibilities are to make recommendations to the board on the performance, remuneration and benefits of the Accounting Officer and certain other key management personnel (specifically Senior Post Holders and the Clerk to the Corporation).

Details of the remuneration for the year ended 31 July 2022 are set out in note 7 to the financial statements.

The Corporation adopted the AoC Colleges' Senior Post Holder Remuneration Code on 17 October 2019 and is fully compliant with the Remuneration Code. The Remuneration Committee will consider the 2021-22 Annual Remuneration Report and Statement at its autumn term meeting.

Audit Committee

In 2021-22, the Audit Committee comprised four members of the Corporation (excluding the Accounting Officer and Corporation Chair). The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets four times each 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 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 Committee also advises the Corporation 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 Corporation.

The Audit Committee met four times in the year to 31 July 2022 (two meetings held in the autumn term, one in the spring term, one in the autumn term). The members of the committee and their attendance records are shown below:

Name	Total Attendance	Notes
Rachel Beeken	100%	4/4
Stuart Blackett	100%	4/4
Subhash Chaudhary	100%	4/4
Mark Wilson	75%	3/4
Overall attendance rate	93.75%	15/16

Finance and Employment Committee
The Finance and Employment Committee meets four times per year to monitor financial performance and consider key staffing and accommodation issues. There were between five and six committee members in 2021-22.

Search and Governance Committee
The Search and Governance Committee meets at least termly to consider all matters relating to governor recruitment and appointments, as well as wider governance issues, such as Corporation composition and succession planning, committee structures, and Corporation self-assessment processes.

Standards Improvement Committee
The Standards Improvement Committee meets four times per year. Its role is to support the FE Corporation 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 FE Corporation. There were between six and seven committee members in 2021-22, and up to two co-opted members serving during the year. Co-opted members are appointed to bring specific expertise in education improvement and in order to ensure representation of Higher Education students within the Corporation.

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 Corporation 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 priorities 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 2022 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

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 ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the 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 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. Strategic risks are reviewed at least termly by the Audit Committee, including any changes to risk score.

The Corporation will also establish specific risk registers for significant projects or events as required. In 2020, a focussed COVID-19 risk register was established to ensure focussed understanding of the specific risks and planned actions. This remained in place for 2021-22 and was reviewed at each Audit Committee meeting. At its meeting in July 2022, the committee agreed that COVID-19 specific risks should be incorporated into the Group's Strategic Risk Register.

Control Weaknesses Identified

There were no significant internal control weakness or failures in 2021-22.

Responsibilities Under Funding Agreements

The Corporation has met its contractual responsibilities under the funding agreements and contracts with the ESFA. This includes appointing an Accounting Officer, with an appropriate separation of duties between executive and non-executive roles and responsibilities; establishing an independent and objective Audit Committee; compliance with statutory health and safety duties; use of resources to provide a high-quality teaching and learning environment; timely completion of the regularity self-assessment questionnaire and approval and submission of the financial statements; establishing and maintaining a Business Continuity Plan.

Statement from the Audit Committee

The Audit Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2021-22 and up to the date of the approval of the financial statements are:

- Reviewing and advising the FE Corporation 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 2021-22 included: Wireless Network Security (assurance rating: good); Safeguarding (Single Central Record) (assurance rating: substantial); IT Disaster Recovery (assurance rating: substantial); Accounts Receivable (assurance rating: substantial); Funding Assurance (Apprenticeships) (assurance rating: reasonable); Subcontracting Arrangements (assurance rating: substantial); T Levels (advisory); Project Management

(Strategic Development Fund) (advisory); and Follow-up of Previous Recommendations (assurance rating: substantial);

- Advising the Corporation 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 Corporation 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 Board Assurance Framework, and considering college risks and mitigating action;
- Monitoring fraud and regularity issues;
- Review of Financial Regulations; and
- Producing an Annual Report for the Board of Corporation and Accounting Officer, including a summary of the work undertaken by the Audit Committee during the year, the Audit Committee's view of its own effectiveness and the Audit Committee's advice on the effectiveness of the College's risk management, control and governance processes.

The Audit Committee's opinion that assurance frameworks were effective was triangulated by the internal auditor's annual opinion and the audit opinion included in these financial statements, as well as an Ofsted judgement of 'Good' for overall effectiveness awarded in May 2022 and a financial health rating of 'Good' for the 2020-21 academic year.

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 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 his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management teams 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 Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

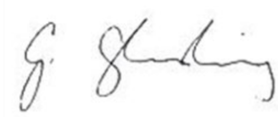
The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting on 15 December 2022, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2022.

Based on the advice of the Audit 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 15 December 2022 and signed on its behalf by:

Signed: 

Stuart Blackett, Chair of the Corporation

Signed: 

Grant Glendinning, Accounting Officer

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

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

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

Statement of the Chair of the Corporation

On behalf of the Corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.

Signed:	Signed:
Grant Glendinning	Stuart Blackett
Accounting Officer	Chair of the Corporation
Date: 15/12/2022	Date: 15/12/2022

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, and the UK's Generally Accepted Accounting Practice and which give a true and fair view of the state of affairs of the Corporation and its surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Group will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group, and 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 the Group website; the work carried out by the 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 by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Signed:

Stuart Blackett
Chair of the Corporation

Opinion

We have audited the financial statements of The Education Training Collective (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2022 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including 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) and the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2022 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

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 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 governors' 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 governors 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 governors are 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.

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 Post-16 Audit Code of Practice 2021 to 2022 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- 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 Education Training Collective

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 32-33, 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 or the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the Group and College operates in and how the Group and College are complying with the legal and regulatory framework;
- 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;
- 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, the College Accounts Direction published by the Education and Skills Funding Agency. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and reviewing relevant correspondence with the main funding bodies.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income 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 review of income transactions around the year end.

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 9 November 2021. 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 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.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

15 December 2022

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 9 November 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by The Education Training Collective during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We are independent of The Education Training Collective in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of Education Training Collective for regularity

The Corporation of The Education Training Collective is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of The Education Training Collective is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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.

Use of our report

This report is made solely to the Corporation of The Education Training Collective and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of The Education Training Collective and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of The Education Training Collective and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Date: 15 December 2022

The Education Training Collective
Consolidated Statement of Comprehensive Income and Expenditure
For the Year Ended 31 July 2022

	Notes	*Group 2022 £000*	*College 2022 £000*	*Group 2021 £000*	*College 2021 £000*
Income					
Funding body grants	2	25,025	25,006	23,516	23,297
Tuition fees and education contracts	3	4,536	3,254	5,131	4,023
Other grants and contracts	4	-	-	173	57
Other income	5	2,195	2,063	1,388	1,012
Investment income	6	15	15	9	9
Total income		**31,771**	**30,338**	**30,217**	**28,398**
Expenditure					
Staff costs	7	23,134	22,144	21,708	20,503
Restructuring costs	7	223	223	81	81
Other operating expenses	8	7,646	7,974	7,681	7,835
Depreciation and Amortisation	11/12	2,668	2,602	2,435	2,358
Interest and other finance costs	9	650	588	635	573
Loss on Disposal of assets	8	4	-	24	24
Total expenditure		**34,325**	**33,531**	**32,564**	**31,374**
Deficit before other gains and losses		**(2,554)**	**(3,193)**	**(2,347)**	**(2,976)**
Taxation	10	-	-	-	-
Deficit for the year		**(2,554)**	**(3,193)**	**(2,347)**	**(2,976)**
Actuarial gain in respect of pensions schemes	24	22,188	22,188	7,539	7,539
Total comprehensive income for the year		**19,634**	**18,995**	**5,192**	**4,563**

The Education Training Collective
Consolidated and College Statement of Changes in Reserves
For the Year Ended 31 July 2022

	Income and expenditure	*Reserve*	*Revaluation reserve*	*Total*
	£000	*£000*	*£000*	*£000*
Group				
Balance as at 1 August 2020	(5,429)	-	309	(5,120)
Deficit from the income and expenditure account	(2,347)	-	-	(2,347)
Other comprehensive income:				
Actuarial gain	7,539	-	-	7,539
Transfer to designated reserve	(25)	25	-	-
	5,166	25	-	5,191
Balance as at 31 July 2021	(263)	25	309	71
Deficit from the income and expenditure account	(2,554)	-	-	(2,554)
Other comprehensive income:				
Actuarial gain	22,188	-	-	22,188
Transfer to designated reserve	(25)	25	-	-
Total comprehensive income for the year	19,609	25	-	19,634
Balance as at 31 July 2022	**19,346**	**50**	**309**	**19,705**
College				
Balance as at 1 August 2020	(5,060)	-	309	(4,751)
Deficit from the income and expenditure account	(2,975)	-	-	(2,975)
Other comprehensive income:				
Actuarial gain	7,539	-	-	7,539
Transfer to designated reserve	(25)	25	-	-
	4,538	25	-	4,563
Balance as at 31 July 2021	(522)	25	309	(188)
Deficit from the income and expenditure account	(3,193)	-	-	(3,193)
Other comprehensive income				
Actuarial gain	22,188	-	-	22,188
Transfer to designated reserve	(25)	25	-	-
Total comprehensive income for the year	18,970	25	-	18,995
Balance as at 31 July 2022	**18,448**	**50**	**309**	**18,808**

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 in 10 years' time.

The Education Training Collective
Consolidated Balance Sheets
For the Year Ended 31 July 2022

	Notes	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Non-current assets					
Intangible fixed assets	11	90	90	146	146
Tangible fixed assets	12	65,059	64,483	65,313	64,667
Investments	13			-	-
		65,149	**64,573**	**65,459**	**64,813**
Current assets					
Stocks		28	4	26	4
Trade and other receivables	14	2,020	1,807	1,936	1,744
Cash and cash equivalents	19	4,100	3,092	3,366	3,040
		6,148	**4,903**	**5,328**	**4,788**
Less: Creditors - amounts falling due within one year	15	(5,098)	(4,933)	(4,703)	(4,606)
Net current assets		**1,050**	**(30)**	**625**	**182**
Total assets less current liabilities		**66,199**	**64,543**	**66,084**	**64,995**
Creditors - amounts falling due after more than one year	16	(43,045)	(42,287)	(43,412)	(42,584)
Provisions					
Defined benefit obligations	18/24	(2,567)	(2,567)	(21,571)	(21,571)
Provision	18	(881)	(881)	(1,028)	(1,028)
Total net assets/(liabilities)		**19,706**	**18,808**	**72**	**(187)**
Unrestricted Reserves					
Income and expenditure account		19,347	18,449	(262)	(521)
Designated reserve		50	50	25	25
Revaluation reserve		309	309	309	309
Total unrestricted reserves		**19,706**	**18,808**	**72**	**(187)**

The financial statements on pages 40 to 70 were approved and authorised by the Corporation on 15 December 2022 and were signed on its behalf on that date by:

Signed:
Stuart Blackett
Chair of the Corporation

Signed:
Grant Glendinning
Accounting Officer

	Notes	2022 £000	2021 £000
Cash flow from operating activities			
Deficit for the year		(2,554)	(2,347)
Adjustment for non-cash items			
Depreciation and Amortisation		2,668	2,435
Capital grants released		(1,423)	(1,286)
Decrease/(increase) in stocks		(3)	3
(Increase)/decrease in debtors		(84)	(221)
Increase/(decrease) in creditors due within one year		523	647
Increase/(decrease) in creditors due after one year		-	-
(Decrease)/increase in provisions		(42)	(40)
Pensions costs less contributions payable		3,079	2,733
Adjustment for investing or financing activities			
Investment income		(15)	(9)
Interest payable		650	635
Loss on sale of fixed assets		5	24
Net cash flow from operating activities		**2,804**	**2,574**
Cash flows from investing activities			
Proceeds from sale of fixed asset		-	-
Capital grants received		1,247	660
Other grants received		-	-
Other grants released		-	-
Investment income		15	9
Payments made to acquire fixed assets		(2,363)	(2,117)
		(1,101)	(1,448)
Cash flows from financing activities			
Interest paid		(588)	(573)
Interest element of finance lease rental payments		(64)	(62)
Proceeds of new borrowings		-	-
Repayments of amounts borrowed		(252)	(252)
Capital element of finance lease rental payments		(71)	(71)
		(973)	(958)
Increase in cash and cash equivalents in the year		**733**	**168**
Cash and cash equivalents at beginning of the year	19	3,366	3,198
Cash and cash equivalents at end of the year	19	4,100	3,366

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 2021 to 2022* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic* of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

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 its subsidiary NETA Enterprise Ltd) and Tees Valley Catering 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). The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. 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 2022.

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.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College as at 31 July 2022 has £2.71m of loans outstanding with bankers on terms re-negotiated in July 2018. The terms of the existing agreement are for up to another 11 years.

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 2024. 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 have been 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.

Funding body recurrent grant for AEB is measured in line with best estimates for the year of what is receivable. Any under achievement of the AEB (outside of permitted tolerance levels) is adjusted for and reflected in the level of recurrent grant recognised in the consolidated statement of comprehensive income and expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

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.

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 State Second 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 based on 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 are recognised immediately in actuarial gains and losses.

Short-term Employment Benefits

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

Enhanced Pensions

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

Non-current Assets - 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 buildings are depreciated on a straight-line basis over the expected useful lives as follows:

- New building – 60 years; and
- Refurbishments – 10 years.

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

Freehold buildings are depreciated over the expected useful economic life to the College of between 20 and 60 years. The College 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.

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

Equipment
Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. Individual items of equipment costing £500 or more, or groups of items where individually the cost is less than the threshold but as a collective purchase are greater than £500, 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.

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.

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 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.

Other Key Sources of Estimation Uncertainty - LGPS

- The present value of the Teesside LGPS benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding Body Grants

	Year Ended 31 July		Year Ended 31 July	
	Group	College	Group	College
	2022	2022	2021	2021
	£000	£000	£000	£000
Recurrent Grants:				
ESFA – 16-18	14,941	14,941	14,536	14,536
ESFA – adult education budget	580	580	565	565
TVCA – adult education budget	3,776	3,757	3,752	3,715
ESFA – apprenticeships	2,803	2,803	2,541	2,541
Specific Grants:				
Release of government capital grants	878	878	810	810
TPS contribution grant	449	449	478	478
HE and other grant	1,598	1,598	476	476
ESFA – FE Conditions funding	-	-	357	176
	25,025	**25,006**	**23,516**	**23,297**

3 Tuition Fees and Education Contracts

	Year Ended 31 July		Year Ended 31 July	
	Group	College	Group	College
	2022	2022	2021	2021
	£000	£000	£000	£000
Adult education fees	1,765	483	1,771	663
Apprenticeship fees and contracts	27	27	68	68
Fees for FE loan supported courses	807	807	1,233	1,233
Fees for HE loan supported courses	1,536	1,536	1,639	1,639
Total tuition fees	**4,135**	**2,853**	**4,711**	**3,603**
Education contracts	401	401	420	420
	4,536	**3,254**	**5,131**	**4,023**

4 Other Grants and Contracts

	Year Ended 31 July		Year Ended 31 July	
	Group	College	Group	College
	2022	2022	2021	2021
	£000	£000	£000	£000
Coronavirus Job Retention Scheme Grant	-	-	173	57
	-	**-**	**173**	**57**

5 Other Income

	Year Ended 31 July		*Year Ended 31 July*	
	Group	***College***	***Group***	***College***
	2022	***2022***	***2021***	***2021***
	£000	***£000***	***£000***	***£000***
Catering	681	-	376	-
Other income generating activities	247	247	163	163
Miscellaneous income	1,267	1,816	849	849
	2,195	**2,063**	**1,388**	**1,012**

6 Investment Income

	Year Ended 31 July		*Year Ended 31 July*	
	Group	***College***	***Group***	***College***
	2022	***2022***	***2021***	***2021***
	£000	***£000***	***£000***	***£000***
Other interest receivable	15	15	9	9
	15	**15**	**9**	**9**

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***
	2022	***2022***	***2021***	***2021***
Teaching staff	198	198	173	173
Non-teaching staff	544	503	553	503
	742	**701**	**726**	**676**

	Year End 31 July		*Year End 31 July*	
	Group	*College*	*Group*	*College*
	2022	*2022*	*2021*	*2021*
	£000	*£000*	*£000*	*£000*
Staff costs for the above persons:				
Wages and salaries	15,730	15,008	14,819	13,913
Social security costs	1,367	1,318	1,260	1,195
Other pension costs (including FRS102 s.28 adjustments) of £2,689k (2021 £2,375k)	5,234	5,202	4,735	3,509
Payroll sub-total	**22,331**	**21,528**	**20,813**	**17,963**
Contracted out staffing services	803	616	895	705
	23,134	**22,144**	**21,708**	**20,503**
Restructuring costs: Contractual	193	193	6	6
Restructuring costs: Non-contractual	30	30	75	75
	23,357	**22,367**	**21,789**	**20,584**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Group Principal and CEO, two Group Executive Directors, one Group Vice Principal, three College Principals, Group Director of Human Resources, Managing Director (NETA), 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:

	2022	*2021*
The number of key management personnel including the Accounting Officer was:	12	13

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	***2022***	***2021***	***2022***	***2021***
£	***No.***	***No.***	***No.***	***No.***
5,001 – 10,000	1	-	-	-
15,000 - 20,000	-	1	-	-
35,001 - 40,000	-	1	-	-
40,001 - 45,000	-	1	-	-
45,001 – 50,000	-	-	-	-
50,001 – 55,000	-	1	-	-
55,001 – 60,000	1	-	-	-
60,001 – 65,000	2	2	-	1
65,001 – 70,000	2	2	1	1
70,001 – 75,000	2	3	-	-
75,001 – 80,000	2	-	-	-
80,001 – 85,000	1	1	-	-
155,001 – 160,000	-	1	-	-
160,001 – 165,000	1	-	-	-
	12	13	1	2

Key management personnel emoluments are made up as follows:

	2022	***2021***
	£000	***£000***
Basic salary	865	968
Performance related pay and bonus	3	9
Benefits in kind	-	-
Employer NI contribution	110	100
Pension contribution	177	167
	1,155	**1,244**

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

	2022	***2021***
	£000	***£000***
Basic salary	160	159
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contribution	38	37
Total	**198**	**196**
Exit payment	111	-
Grand total	**309**	**196**

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

The remuneration package of Key management staff, including the Group Principal and CEO, 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 2021-22 was determined on 11 November 2021 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration.

Relationship of Group Principal and CEO pay and remuneration expressed as a multiple

	2022 £'000	***2021 £'000***
Group Principal and CEO basic salary as a multiple of the median of all staff*	6.6:1	6.6:1
Group Principal and CEO total remuneration(excluding exit payment) as a multiple of the median of all staff*	7.5:1	7.7:1
Group Principal and CEO total remuneration (including exit payment) as a multiple of the median of all staff*	9:1	n/a

*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 2021-22 financial year.

All severance payments were approved by the College's Finance and Employment Committee.

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

8 Other Operating Expenses

	Year End 31 July		*Year End 31 July*	
	2022	***2022***	***2021***	***2021***
	Group	***College***	***Group***	***College***
	£000	***£000***	***£000***	***£000***
Teaching costs	2,282	3,062	1,754	2,643
Non-teaching costs	3,078	2,822	2,807	2,454
Premises costs	1,476	1,280	1,969	1,586
Education and Skills Funding Agency funded franchising provision costs	810	810	1,151	1,151
	7,646	**7,974**	**7,681**	**7,835**

Other operating expenses include:

	2022	***2021***
	£000	***£000***
Auditors' remuneration:		
Financial statements and audit*	55	42
Internal audit**	20	28
Loss on disposal of tangible fixed assets	4	24
Hire of assets under operating leases	-	101

*includes £40k in respect of the College (2021: £31k)
**includes £20k in respect of the College (2021: £28k)

9 Interest and Other Finance Costs – Group and College

	Group 2022 £000	*College 2022 £000*	*Group 2021 £000*	*College 2021 £000*
On bank loans, overdrafts and other loans	182	182	198	198
	182	**182**	**198**	**198**
On finance leases:	63	-	62	-
Net interest on defined pension liability (FRS102 s.28 - £390k (note 24)) and (EPP - £16k)	406	406	375	375
	650	**588**	**635**	**573**

10 Taxation (Group Only)

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 consolidated financial statements include adjustments to the Corporation tax of subsidiaries.

11 Intangible Fixed Assets (Group and College)

	Major IT/Software	
	Group £'000	**College £'000**
Cost or Valuation		
As at 1 August 2021	603	603
Additions	-	-
Disposals	(37)	(37)
As at 31 July 2022	**566**	**566**
Depreciation		
As at 1 August 2021	458	458
Charge for the year	55	55
Elimination in respect of disposals	(37)	(37)
As at 31 July 2022	476	476
Net book value as at 31 July 2022	**90**	**90**
Net book value as at 31 July 2021	145	145

12 Tangible Fixed Assets (Group)

	Land & Buildings			Assets in course of construction	Total
	Freehold	Leasehold	Equipment		
	£000	£000	£000	£000	£000
Cost or Valuation					
As at 1 August 2021	78,377	1,117	15,173	-	94,667
Additions	453	-	751	1,159	2,363
Disposals	-	-	(1,225)	-	(1,225)
As at 31 July 2022	**78,830**	**1,117**	**14,699**	**1,159**	**95,805**
Depreciation					
As at 1 August 2021	18,445	620	10,287	-	29,353
Charge for the year	1,234	39	1,340	-	2,613
Elimination in respect of disposals	(12)	-	(1,209)	-	(1,221)
As at 31 July 2022	**19,667**	**659**	**10,418**	**-**	**30,745**
Net book value as at 31 July 2022	**59,163**	**457**	**4,281**	**1,159**	**65,059**
Net book value as at 31 July 2021	59,932	496	4,886	-	65,313

12 Tangible Fixed Assets (College Only)

	Land & Buildings			Assets in course of construction	Total
	Freehold	Leasehold	Equipment		
	£000	£000	£000	£000	£000
Cost or Valuation					
As at 1 August 2021	78,356	-	14,472	-	92,828
Additions	453	-	751	1,159	2,363
Disposals	-	-	(1,015)	-	(1,015)
As at 31 July 2022	**78,809**	**-**	**14,208**	**1,159**	**94,176**
Depreciation					
As at 1 August 2021	18,428	-	9,733	-	28,161
Charge for the year	1,233	-	1,314	-	2,547
Elimination in respect of disposals	-	-	(1,015)	-	(1,015)
As at 31 July 2022	**19,667**	**-**	**10,032**	**-**	**29,693**
Net book value as at 31 July 2022	**59,163**	**-**	**4,176**	**1,159**	**64,483**
Net book value as at 31 July 2021	59,932	-	4,739	-	64,667

Land and buildings with a net book value of £39,101,585 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. Freehold land and buildings include properties with a net book value of £1,759,500 (2021: £1,759,500) for which title deeds and leasehold agreements have been transferred to the College.

13 Non-current Investments

	Group 2022 £000	*College 2022 £000*	*Group 2021 £000*	*College 2021 £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.

NETA Training Trust owns 100% of the issued ordinary £1 shares of NETA Enterprises Ltd, a company incorporated in England and Wales, whose principal activity was the provision of training services. The company ceased trading from 29 February 2016 and activity transferred to NETA Training Trust.

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 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 the issued ordinary £1 shares of Tees Valley Training Ltd, a company incorporated in England and Wales, which is currently dormant and exempt from the requirements to prepare individual accounts by virtue of the Companies Act 2006 section 394A.

14 Trade and Other Receivables

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Amounts falling due within one year:				
Trade receivables	381	246	414	383
Amounts owed by Group undertakings:				
Subsidiary undertakings	-	106	-	5
Prepayments and accrued income	949	766	907	741
Amounts owed by the Education and Skills Funding Agency	690	690	615	615
	2,020	**1,807**	**1,936**	**1,744**

15 Creditors: Amounts Falling Due Within One Year

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Bank loans	248	248	252	252
Obligations under finance leases	71	-	71	-
Trade payables	705	684	748	674
Amounts owed to Group undertakings:				
Subsidiary undertakings	-	172	-	232
Other taxation and social security	407	401	410	391
Accruals and deferred income	2,253	2,014	1,220	1,055
Deferred income – government capital grants	1,223	1,223	1,347	1,347
Amounts owed to the Education and Skills Funding Agency	191	191	655	655
	5,098	**4,933**	**4,703**	**4,606**

16 Creditors: Amounts Falling Due After One Year

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Bank loans	2,462	2,462	2,710	2,710
Obligations under finance leases	758	-	828	-
Deferred income – government capital grants	37,599	37,599	37,648	37,648
Deferred income – government revenue grants	2,226	2,226	2,226	2,226
	43,045	**42,287**	**43,412**	**42,584**

17 Maturity of debt

(a) Bank Loans

Bank loans are repayable as follows:

	Group 2022 £000	*College 2022 £000*	*Group 2021 £000*	*College 2021 £000*
In one year or less	248	248	252	252
Between one and two years	244	244	248	248
Between two and five years	732	732	732	732
In five years or more	1,486	1,486	1,730	1,730
	2,710	**2,710**	**2,962**	**2,962**

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.

(b) Finance Leases

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

	Group 2022 £000	*College 2022 £000*	*Group 2021 £000*	*College 2021 £000*
In one year or less	71	-	71	-
Between one and five years	284	-	284	-
In five years or more	474	-	544	-
	829	**-**	**899**	**-**

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

18 Provisions (Group and College)

	Defined benefit Obligations £000	Enhanced Pensions £000	Dilapidation Provision £000	Total £000
At 1 August 2021	21,571	971	56	22,599
Expenditure/movement in the period	(19,004)	(161)	14	(19,151)
At 31 July 2022	**2,567**	**811**	**70**	**3,448**

Defined benefit obligations relate to the 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 and recognised in other comprehensive income is £105k.

The principal assumptions for this calculation are:

	2022	**2021**
Price inflation	2.9%	2.6%
Interest rate	3.3%	1.6%

19 Cash and Cash Equivalents (Group Only)

	At 1 August 2021 £000	*Cash Flows £000*	*Other Changes £000*	*At 31 July 2022 £000*
Cash and cash equivalents	3,366	733	-	4,100
	3,366	**733**	**-**	**4,100**

20 Capital and Other Commitments (Group and College)

	2022 £000	*2021 £000*
Commitments contracted for at 31 July	6,392	21

The Group has a number of major capital schemes underway, due for completion in 2022-23.

21 Lease Obligations

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

Future minimum lease payments due:	2022 £000	2021 £000
Land and buildings:		
Not later than one year	41	41
Later than one year and not later than five years	123	164
Later than five years	-	-
	164	205
Other:		
Not later than one year	56	55
Later than one year and not later than five years	81	9
	137	64
Total Lease payments due	301	269

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

Amounts receivable	2022 £'000	2021 £'000
Less than one year	38	38

The operating lease represents the lease of one area of Redcar College to third parties. The lease is for an undefined period, subject to annual review, and cancellable with six months' notice.

22 Contingent Liabilities

There are no contingent liabilities in the year (2021 £nil).

23 Events after Reporting Period

On 1 August 2022, NETA Training Trust transferred its activities to the Etc. It continues to trade under the name of NETA Training as part of the Group.

On 29 November 2022 the Office for National Statistics (ONS) reclassified all college corporations as public sector institutions for financial and accounting purposes.

The Department for Education (DfE) will be responsible for ensuring the College complies with financial and accounting rules including but not limited to the ability to obtain commercial debt.

The College has initially assessed the impact of this change alongside the assessment of Going Concern and it has determined it does not have a material impact on the College's operations or financial position. The College does have debt but this is over a fixed term and as such is not due for refinancing.

The College will continue to work with the DfE with regard to future changes over the next two years as transitional arrangements are put in place.

24 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the TPS for academic and related staff; and the Teesside LGPS for non-teaching staff. 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 2016 and of the LGPS 31 March 2019.

		2022		*2021*
		£000		*£000*
Total pension cost for the year within staff costs:				
TPS: contributions paid		1,458		1,364
LGPS:				
Contributions paid	1,055		943	
FRS 102 (28) charge	2,689		2,375	
Charge to the consolidated statement of comprehensive incomed and expenditure		3,744		3,318
Contributions from subsidiaries & Other Pension Agencies		32		53
		5,234		**4,735**

Contributions amounting to £128k (2021: £293k) were payable to the schemes at 31st July and are included within creditors.

TPS

The 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 FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19). The Department has agreed to pay a teacher's pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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

The pension costs paid to TPS in the year amounted to £1,458k (2021: £1,364k).

Teesside LGPS

The Teesside LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Middlesbrough Borough Council. The total contributions made for the year ended 31 July 2022 were £1,482k of which employer's contributions totalled £1,055k and employees' contributions totalled £431k. The agreed contribution rates for future years are 15.2% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

Rate of increase in salaries	3.75%	3.6%
Future pensions increases	2.75%	2.6%
Discount rate for scheme liabilities	3.5%	1.7%
Inflation assumption (CPI)	2.8%	2.6%
Commutation of pensions to lump sums	50%	50%

The pension obligations of £47,184k and net liability of £2,567k have been calculated based a CPI assumption of 2.75% based on the scheme rules and Pension Increase order in place as at the balance sheet date. However, the 2023 Pension Order will come into effect on 1st April 2023 and is likely to be influenced by the CPI experienced in the 12 months to August 2022 of 9.9%. Applying this increased CPI to the calculations as at 31 July 2022 would result in gross obligations of £50,027k and a net liability of £5,410k.

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 2022 Years	***At 31 July 2021 Years***
Retiring today		
Males	21.7	21.9
Females	23.5	23.6
Retiring in 20 years		
Males	22.9	23.3
Females	25.3	25.4

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

	Fair Value at 31 July 2022 £000	***Fair Value at 31 July 2021 £000***
Equity instruments	30,340	32,094
Debt instruments	-	-
Property	8,031	2,150
Cash	6,246	2,962
Other	-	3,368
	44,617	**40,574**
Actual return on plan assets	**3,442**	**7,033**

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

	2022 £000	***2021 £000***
Fair value of plan assets	44,617	40,574
Present value of plan liabilities	(47,184)	(62,145)
Net pensions liability (note 18)	**(2,567)**	**(21,571)**

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

	2022	*2021*
	£000	*£000*
Amounts included in staff costs:		
Current service cost	3,746	3,309
Past service cost	-	-
Total	**3,746**	**3,309**

Amounts recognised in other comprehensive income:

	2022	*2021*
	£000	*£000*
Return on pension plan assets	2,748	6,566
Experience gains/(losses) arising on defined benefit obligations	(239)	977
Changes in assumptions underlying the present value of plan liabilities	19,574	-
	22,083	**7,543**

Movement in net defined benefit liability during the year:

	2022	*2021*
Net defined benefit liability in scheme as at 1 August	(21,571)	(26,378)
Movement in year:		
Current service cost	(3,746)	(3,309)
Employer contributions	1,057	934
Past Service cost	-	-
Net interest on the defined liability	(390)	(362)
Actuarial gain or loss	22,083	7,544
Net defined benefit liability in scheme as at 31 July	**(2,567)**	**(21,571)**

Asset and Liability Reconciliation

	2022 £000	2021 £000
Changes in the present value of defined benefit obligations:		
Defined benefit obligations as at the start of the year	62,145	59,461
Current service cost	3,746	3,309
Interest cost	1,084	828
Contributions by Scheme participants	433	381
Experience (gains) and losses on defined benefit obligations	(19,335)	(977)
Changes in financial assumptions	-	-
Estimated benefits paid	(889)	(857)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations as at the end of the year	**47,184**	**62,145**
Changes in fair value of plan assets:		
Fair value of plan assets as at the start of the year	40,574	33,083
Interest on plan assets	694	467
Return on plan assets	2,748	6,566
Employer contributions	1,057	992
Contributions by Scheme participants	433	381
Estimated benefits paid	(889)	(855)
Fair value of plan assets as at the end of the year	**44,617**	**40,574**

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 £1,868 - 1 governor (2021: £903 - 1 governor). 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 £353,159 (2021 – £238,570) from its subsidiary and sold goods and services of £nil (2021 - £nil) to its subsidiary. There were amounts £171,732 (2021 – £231,484) owed to the subsidiary and £105,638 (2021 £5,199) owed by the subsidiary at the reporting date.

26 Amounts Disbursed as Agent

	2022 £000	2021 £000
Learner support funds:		
16-18 bursary grants	543	438
Other funding body grants	136	485
Interest earned	-	-
	679	923
Disbursed to students	(560)	(757)
Administration costs	(25)	(25)
Balance unspent as at 31 July, included in creditors	**94**	**141**

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.