etc. education training collective

ANNUAL REPORT

OF THE MEMBERS OF THE CORPORATION AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2023

BEDE SIXTHFORM COLLEGE etc.

NETA TRAINING GROUP etc.

REDCAR & CLEVELAND COLLEGE etc.

STOCKTON RIVERSIDE COLLEGE etc.

THE SKILLS ACADEMY etc.

Annual Report and Financial Statements of the Corporation

For the period 1 August 2022 to 31 July 2023

Contents

Board of Governors

The members who served on the Corporation during 2022-23 were:

Stuart Blackett (Chair)
Dot Smith (Vice Chair)
Fabienne Bailey
Rachel Beeken
Subhash Chaudhary MBE
Phil Cook, resigned 21 August 2022
Paige Costello, resigned 10 November 2022
Louise Davies
Liz Dixon, appointed 21 October 2022
Elliot Gale, resigned 19 June 2023
Grant Glendinning, appointed 22 August 2022
Vanessa Housley, appointed 20 October 2023, resigned 20 July 2023
Amanda Olvanhill, appointed 18 May 2023
Lorraine Preston, appointed 21 October 2022
Hamish Rutherford, appointed 18 May 2023
Andrea Tomlinson, appointed 6 July 2023
Hope Ubertalli, appointed 16 March 2023
Anne Vickers
David Watson, appointed 6 July 2023
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 Chief Executive; Accounting officer to 21 August 2022
Grant Glendinning Group Principal and Chief Executive; Accounting Officer from 22 August 2022
Phil Hastie; Chief Operating Officer
Fiona Sharp; Chief Financial Officer
Jason Faulkner; Executive Principal; Redcar
Lesley Graham; Executive Principal; Stockton
Patrick Jordan; College Principal; Bede
Philip Blewitt; Managing Director NETA Training to 31st December 2022
Sean Johnston; Director NETA Training from 1st January 2023
Erika Marshall; Group Director of Marketing
Kay Taylor; Group Director of Human Resources and People Development
Peter Wood; Group Director of Quality

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

Professional Advisors

Financial Statements Auditors and Reporting Accountants
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Internal Auditors
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Stanley
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DH9 9DB

Bankers
Barclays Bank
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TS18 1NA

Solicitors

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2nd Floor
Haywood House North
Dumfries Place
Cardiff
CF10 3GA

Jacksons Commercial & Private Law
17 Falcon Court
Short Close
Preston Farm Industrial Estate
Stockton On Tees
TS18 3TU

OBJECTIVES AND STRATEGY

The Governing Body presents its annual report together with the financial statements and auditors' report for The Education Training Collective for the year ended 31 July 2023.

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, Vision, Strategy and Objectives

The Corporation reviewed the Group's mission during 2022-23 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".

Strategic Goals 2022-23

Governors agreed the following Strategic Goals for 2022-23:

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. Capital Investment - 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 and businesses.

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 2022-23 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 2022-23, all of these objectives were met.

Implementation of Strategic Plan

At the Governing Body's Strategic Conference in February 2023, individual colleges' assessments of progress against the six objectives above were presented.

Governors and Group leaders embarked upon the drawing up of the Education Training Collective's Strategic Plan 2023 – 2026, which was subsequently developed through the year, to be launched in September 2023. They began by considering regional priorities and identifying strategic choices. To frame thinking, guest speakers provided expert advice. They included local business leader Sharon Lane, of Tees Components, who gave a Tees Valley view, John McCabe of the Northeast England Chamber of Commerce, who gave a regional view, and Henri Murrison of the Northern Powerhouse Partnership, who gave a national view. After subsequent consultative workshops with governors, senior leaders, managers and the Group's staff body, six overarching Group Strategic Objectives were identified, to be worked towards from 2023-24. Underpinning the plan is an Annual Operational Plan with measurable targets for each single year, to progress the Group towards its Strategic Objectives.

RESOURCES:

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

People

The Group employs 731 people of whom 199 are teaching staff.

Students

The Group enrolled approximately 11,500 students. The College's student population includes c.2,600 16-18 year old students, c.1,300 apprentices, c.360 higher education students and c.7,200 adult learners, of which c.3,100 are funded through Adult Education Budget and Advanced Learner Loan funding. In 2022-23 the College has delivered activity that has produced £21.4m in funding body main allocation funding (2022 - £19.2m).

Financial

The Group has £23.9m of net assets (including £0.95m pension asset) and long-term bank debt of £2.462m. Tangible resources include the Harvard Avenue (Teesdale) site in Stockton, the Corporation Road site in Redcar and the Marsh House Avenue site in Billingham which also houses the College sports centre. NETA Training operates from industrial premises in Stockton supporting training, development and assessment.

Reputation

The Etc. has an increasingly strengthened reputation as a high performing provider of training, skills and learning experiences – through its colleges and training centres. Collaboration with local and combined authorities further strengthened the Group's offer and positioning on a local and regional level; the Group works with Stockton-on-Tees Borough Council, Redcar and Cleveland Borough Council, the Tees Valley Combined Authority (TVCA) including Tees Valley Mayor Ben Houchen, Teesside University, and the Education and Skills Funding Agency (ESFA). More recently, through the creation and development of bespoke employer forums and events, the Etc. has expanded on its already extensive list of longstanding business relationships across the Tees Valley, the North East and wider England.

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

NETA Training continues to grow its commercial training activities with an expanding, national portfolio of clients, training over 4870 professionals and working with over 962 local businesses during 2022-23. 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 Group's 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;
- Tees Valley Combined Authority;
- 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 Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 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 11,000 students, including 218 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:** The Skills 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. Provision includes a fulltime vocational pathway for 14-16 year olds following a request from Stockton Secondary Heads 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 Group offers full and part time courses for both 16-18 and 19+ learners that enables them to improve and develop their speaking, listening and writing skills, providing them with a solid foundation for everyday life and enables them to progress onto other courses or into work.

- **Prince's Trust:** The Prince's Trust provision regularly achieves national acclaim. It continues to deliver a range of Team and Achieve programmes across the Tees Valley and North East region, working with partners to re-engage those furthest away from the labour market.

- **Working with the unemployed:** The Group's work with the unemployed in respect of reskilling and upskilling is something the Group is particularly proud of. In 2022-23, across our Bespoke Employer Led Programmes (BELP), there were 745 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 engage with 16-18 NEETS and the 19+ unemployed, support agencies and other providers, allowing a responsive approach to meet local community demands. A key aim is to ensure engagement and progression into individualised and meaningful education and training, leading to sustainable employment and to challenge the employment and training perceptions (and the aspirations) of the unemployed, so that they can make realistic judgments about the appropriateness of options/opportunities into learning and employment.

- **Services for vulnerable young people:** The Group provides a comprehensive range of educational services to vulnerable young people and students with high needs. Highly experienced and qualified welfare, learning support staff and safeguarding officers offer pastoral support to students. The team also signposts to internal services such as careers and financial support as well as external specialist agencies such as talking therapies and counselling, sexual health and harm minimisation services. In 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***
	2023	***2022***
	£000	***£000***
Operating surplus for the year	621	545
Surplus for the year from continuing operations	621	545
FRS 102/EPP pension adjustments	(1,058)	(3,095)
Deficit before other gains and losses	(437)	(2,550)
Taxation	(3)	-
Loss on disposal of asset	-	(4)
Deficit for the year	(440)	(2,554)
Actuarial gain in respect of pensions schemes	4,682	22,188
Total comprehensive income for the year	**4,242**	**19,634**

The FRS 102 pension adjustments impacted interest payable by £106k, staff costs of £925k and actuarial gain in respect of pension schemes by £4.682m. The Enhanced Pension Provision (EPP) adjustments impacted interest payable by £26.5k and actuarial gain of £134k.

A shortfall in income in 2022-23 against original target across the Group, mainly from Apprenticeships, Adult Learner Loans, Higher Education and Commercial activity has been offset by savings in staff costs and non-pay expenditure, resulting in the original budget surplus of £559k being achieved.

Cash Flows and Liquidity
There was a net cash inflow from operating activities in the year of £1,305k (2022: £2,804k). This was sufficient to cover capital investment and the servicing of borrowing. There was an overall net increase in cash for the year of £2.6m of which £1.7m is ringfenced cash in the form of capital grants (2022 – £0.733m).

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 £9,005k: including £186k in IT Infrastructure, £1,180k in Curriculum Equipment and £7,483k investment in the estate as part of the major capital programme in progress.

Reserves
The Group has accumulated reserves of £23.9m, a pension asset of £0.95m and cash balances of £6.68m, including £1.7m of capital grants received in advance which will be expended in 2023-24 as part of the major capital. 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 2022-23 the further education (FE) funding bodies provided 81.5% (2022 – 77.17%) of the Group's total income.

Group Companies
The Corporation has four 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. All activity was transferred to the Corporation on 1st August 2023.
NETA Training Trust, acquired on 3 August 2015, an independent training provider ceased trading in July 2022 and all activity transferred to the Corporation.
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.

NETA Enterprises Ltd, acquired as a wholly owned subsidiary of NETA Training Trust, operated as a commercial arm of the Trust, ceased trading in March 2016 and all activity transferred to the Trust. The company was struck off in March 2023.

FUTURE PROSPECTS
Future developments
The Group has utilised Group cash resources and grant funding during 2022-23 to continue to invest in its facilities to support growth and the experience of learners.

Following on from £2.4m of capital investment in 2021-22, the Group has invested £9m in 2022-23, 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 has been operational since January 2023;
- The expansion of capacity at Bede Sixth form, with the creation of an Annex, including additional 9 teaching spaces, to facilitate increasing demand. This investment will be operational for the new intake of learners in September 2023;
- The commencement of improvements at the Stockton College site to support the implementation of T level delivery, due to be completed early in 2023-24;
- 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 Director of NETA Training and their work with local stakeholders, each ‘college’ is focusing provision on the local needs of their area.

Environmental sustainability remains a key priority for the Group, setting and delivering energy usage and waste reduction targets. Through the creation of its Green Initiatives Group and an identified senior Sustainability lead, the Group has sustained a Silver accreditation as an Investor in the Environment for a number of years and is working towards achieving the highest 'Green' standard at its next audit. Additionally, the Group has proudly been graded as carbon neutral for two consecutive years.

Financial Plan

The Governing Body approved a financial plan in July 2023 which sets objectives for the period to 2025. 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 2024-25.

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 Redcar & Cleveland, the Group delivered surpluses. The Group has been successful in attracting income from an increasingly diverse range of funding streams. Although income from public sector sources has increased, this is testament to the strong relationships developed by the Group with key local stakeholders and the ability to develop and deliver employer led programmes that attract, amongst other sources, Skills Bootcamp and Bespoke Employer Led Programme (BELP) funding. Accountability has been driven down the organisation, enabling those closest to the front line to make decisions that impact directly on the student experience. This has been a key factor in the Group's success.

The Group has, through the established BP and PR processes, maintained effective financial management throughout the period. Prompt financial review and appropriate actions enabled the Group to perform in line with 2022-23 financial year expectations. This process informed the financial plans for 2023-24 and 2024-25.

The Group's ESFA main funding allocations for 2023-24 have been confirmed at £18.3m for young learners and £4.61m 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, (including Skills Bootcamps, BELP) and alignment to Local Skills Improvement Plan priorities.

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 2023 show the Group assessed as "Good" financial health rating to July 2024.

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. All borrowing requires the authorisation of the Corporation and the Department for Education.

Reserves

The Group has no formal Reserves Policy but recognises the importance of reserves in the financial stability of an organisation and ensures that there are adequate resources to support the Group's core activities. The Group currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stands at £23.564m (2022: £19.347m). The Group holds a Designated reserve of £75k for the replacement of the artificial all-weather pitch at Redcar and Cleveland College and a Revaluation reserve of £309k that relates solely to inherited land at the Billingham site.

The Defined benefit pension asset stands at £0.95m (2022: negative £2.567m). It is the Corporation's intention to increase reserves over the life of the Strategic Plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

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

A risk register is maintained at Group level which is reviewed at every meeting held by the Audit 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 2022-23, 81.4% 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 2022-23, the deficit reduced from £2.567m to an asset of £0.95m (subject to an asset ceiling adjustment), due to the impact of:

- Revaluation of the scheme in 2022;
- Changes to actuarial assumptions;
- Increase in the April 2023 Pensions Increase Order of 10.1%;
- 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.

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 2022. The latest financial plan submitted to the ESFA in July 2023 assesses the Group as "Good", 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 inyear 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 2023-24.

KEY PERFORMANCE INDICATORS

Performance in 2022-23 against the targets relating to the Corporation's priorities is shown below:

Measure	Target	Actual Performance*
Quality		
Overall Achievement rates: a. 16-18 b. Adult	 87% 93%	 87.3% (+6.2)* 95% (+8.3)
Overall Apprenticeship Achievement rates: a. Overall b. Timely	 68% 62%	 56.0% ** 46.2% **
a. 16-18 English GCSE (A*-C) b. 16-18 Mathematics GCSE (A*-C)	27% 20%	17.9% (-4.8%)# 13.1% (-2.2%)#
% recommend the College as a great place to study	94%	94% (+3 EB)
Human Resources		
Staff engagement ("is the Group a good place to work?")	94%	93%
Financial		
Pay cost/income (less subcontracting income) % (excluding restructuring costs)	70.98%	69.87%

*+ or – national rates in brackets.
** The Apprenticeship Achievement rate performance of the Group is attributed to the Covid-19 pandemic.
# There are no GCSE High Grade National Rates for 2021/22. Using the rates for 2018/19.

Table shows Group KPI data at 1.9.23.

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 87.3% (+6.2% against the national rate.) 19+ achievement rates are 95% (+8.3% against the national rate.)

The Group is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as achievement rates. The Group is required to complete the annual Finance Record for the 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, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2022 to 31 July 2023, the Group paid over 95% of its invoices within 30 days. The Group incurred no interest charges in respect of late payment for this period.

Streamlined Energy and Carbon Reporting

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

- Measure 1: 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 calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2021 UK Government's Conversion Factors for Company Reporting are set out below:

UK Greenhouse gas emissions and energy use data for the period	**2022-23**	**2021-22**
Energy consumption used to calculate emissions (kWh)	4,354,793	4,089,283*
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	686	677
Owned transport	18	17
Total	704	694
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	80	55
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee owned vehicles	30	20
Total gross emissions in metric tonnes CO2e	**814**	769

Intensity ratio		
Metric tonnes CO2e per student/FTE/staff member/floor area	**1.60**	1.48

Intensity ratio

The chosen intensity measurement ratio is Metric tonnes CO2e per FTE

*2021-22 figure recalculated to include kWh consumed for van diesel, natural gas, UK national grid electricity, private car usage. These figures were previously unavailable but have now been calculated retrospectively to provide comparison data with 2022-23.

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	3
FTE Employee Number	2.5 fte

Percentage of Time	Number of Employees
0%	-
1-50%	3
51-99%	-
100%	-

Total cost of facility time	£1.584k
Total pay bill	£22.3m
Percentage of total bill spent on facility time	0.007%

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

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 Group, 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 SharePoint 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 Group 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 provide 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 SharePoint site.

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 2022-23, 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

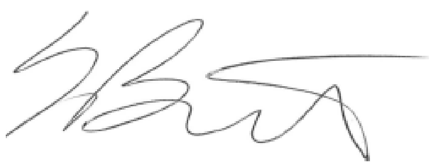
On 1 August 2023, Tees Valley Catering transferred its trading activities and assets and liabilities to the Etc. It continues to trade under the name of Tees Valley Catering as part of the Group.

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 14 December 2023 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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The Governing Body endeavours to conduct its business:

i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
ii. In full accordance with the guidance to colleges from the 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 2023. This opinion is based on an external Governance Review reported to the board on 19 October 2023, undertaken by Rachel Robson, Governance Consultant, on behalf of Stone King LLP, as well as an internal self-assessment also considered by the board on 19 October 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges 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 Governing Body's practices are not fully consistent with the Code in the following areas:

- The Governing Body 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; however, a schedule of delegation is being developed, in line with an external governance review recommendation;
- The Governing Body 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 Governing Body'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 Corporation

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

Table 1: Governors who served during the year

Name	**Date of Appointment** (R) = reappointed	**Term of Office**	**Date of Resignation/ End of Office**	**Status of Appointment**	**Committees Served**	**Corporation Meeting Attendance in 2022/23**
Fabienne Bailey	01.07.21	4 years		Member	Finance and Employment; Search and Governance (Chair)	4/5
Rachel Beeken	01.07.21	4 years		Member	Audit	5/5
Stuart Blackett (Chair)	25.04.23 (R)	4 years		Member	Finance and Employment; Remuneration; Search and Governance	4/5
Subhash Chaudhary MBE	20.10.20 (R)	4 years		Member	Audit (Chair)	4/5
Phil Cook	04.02.13	Ex officio	Left Etc. employment 21.08.22	Principal		N/A
Paige Costello	14.10.21	4 years	Resigned 10.11.22 (transferred to another college)	Student		1/1
Louise Davies	22.11.22 (R)	4 years		Member	Finance and Employment (Chair); Remuneration	5/5
Liz Dixon	20.10.22	4 years		Staff	Finance and Employment; Standards Improvement	2/4
Elliot Gale	15.12.22	4 years	Resigned 19.06.23 (end of studies)	Student		2/3
Grant Glendinning	22.08.22	Ex officio		Member	Finance and Employment; Standards Improvement;	5/5

Name	**Date of Appointment** (R) = reappointed	**Term of Office**	**Date of Resignation/ End of Office**	**Status of Appointment**	**Committees Served**	**Corporation Meeting Attendance in 2022/23**
					Search and Governance	
Vanessa Housley	20.10.22	4 years	Resigned 20.07.23	Member	Standards Improvement	5/5
Amanda Olvanhill	18.05.23	4 years		Member	Finance and Employment	2/2
Lorraine Preston	20.10.22	4 years		Staff	Finance and Employment	5/5
Hamish Rutherford	18.05.23	4 years		Member	Finance and Employment	1/2
Dot Smith (Corporation Vice Chair)	01.08.22 (R)	4 years		Member	Remuneration, Search and Governance; Standards Improvement (Chair)	4/5
Andrea Tomlinson	06.07.23	4 years		Member		N/A
Hope Ubertalli	16.03.23	4 years		Student		1/3
Anne Vickers	07.05.20	4 years		Member	Standards Improvement	5/5
David Watson	06.07.23	4 years		Member	Audit	N/A
Mark Wilson	01.07.21	4 years		Member	Audit	5/5
Gary Wright	13.12.22 (R)	4 years		Member	Remuneration (Chair); Standards Improvement	5/5
The Clerk to the Corporation is Sarah Thompson						

Table 2: Co-opted members of committees (non members of the governors)

Vanessa Housley	Standards Improvement Committee (appointed for four years from 7.5.20; ceased on 20.10.22 due to appointment as a Corporation member)
Simon Wood	Standards Improvement Committee (appointed for four years from 9.12.21; resigned 9.12.22)
Gary Bowdler	Audit Committee (appointed for four years from 18.05.23)
Bernice Wood	Standards Improvement Committee (appointed for four years from 18.05.23)

Table 3: Subsequent changes

Andrea Tomlinson	Appointed as Finance and Employment Committee member from 19.10.23

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 five times in 2022-23.

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 (three held in 2022-23). Additional briefings are also provided on an ad-hoc basis as required. Governors also hold an annual strategic conference.

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

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

Appointments to the Corporation

Any new member appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Search and Governance Committee, which had a membership of four governors in 2022-23. The Search and Governance Committee is responsible for the selection and nomination of new members for the Governing Body's consideration (other than those elected by the students and staff of the Group). The Governing Body is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for a term of office not exceeding four years. The Governing Body's Standing Orders detail the Governing Body's decision to set a maximum term of office for any governor of eight years except in exceptional circumstances. Exceptional circumstances may include progression to Chair of a committee, or Chair or Vice-Chair of the Governing Body, or to retain key skills where recruitment processes have been unsuccessful in identifying suitable candidates.

Corporation Performance

An external review of governance was undertaken between May and July 2023 by Rachel Robson, Governance Consultant, on behalf of Stone King LLP. The review found that governance at Etc. is committed and structured, and demonstrates highly effective processes and practice. Further, that governors value the Group and its place in their local community and undertake their roles diligently; that there is a positive culture within the members of the Governing Board and in their relationships with staff enabling and supporting balanced and well received challenge and support; and that discussion and questioning are open and inclusive. A number of recommendations and suggestions to further develop and strengthen the effectiveness of governance at the Etc. were identified during the course of the review. These were accepted by the Governing Body and, together with improvement areas identified by governors during self-assessment activity, form the basis of a Governance Action Plan for 2023-24. The Governance Action Plan was approved by the Governing Body at its meeting on 19 October 2023 and the key actions are as follows:

<table>
<tr><td>Risk Management</td><td>Strategic Risk Register is streamlined and supports good governance</td></tr>
<tr><td rowspan="2">Agenda formation and meeting management</td><td>Governing Body agendas reflect core importance of Chief Executive report and work of committees</td></tr>
<tr><td>All meeting attendees clearly understand agenda item resolution</td></tr>
<tr><td rowspan="4">Board documentation</td><td>Governance responsibilities are clearly documented</td></tr>
<tr><td>Impact of link governor roles is evidenced</td></tr>
<tr><td>Governor recruitment process is clearly documented, providing transparency to current and potential future governors</td></tr>
<tr><td>Continuing effectiveness of Governing Body at all levels is ensured</td></tr>
<tr><td>Governance Professional</td><td>Reflect current role and responsibilities of Governance Team</td></tr>
<tr><td>Governance effectiveness reviews</td><td>Governance improvements are identified and actioned</td></tr>
<tr><td>Report writing and meeting packs</td><td>Reports and meeting packs support effective governance</td></tr>
<tr><td rowspan="2">Recruitment, retention and succession planning for Board and committee members</td><td>Continuing effectiveness of Standards Improvement Committee</td></tr>
<tr><td>Continuing effectiveness of Audit Committee leadership</td></tr>
<tr><td rowspan="2">Governor training and development</td><td>Corporation Chair competent and confident around responsibilities; has access to external support and advice</td></tr>
<tr><td>Audit Committee competent and confident around responsibilities</td></tr>
</table>

	New governors receive appropriate and effective induction and are able to quickly contribute to effective governance
	All governors have clear understanding of expectations in relation to training and development
	Governors have deepened understanding of staff and/or student experience
Maintaining and developing relationships between governors and senior managers	Senior staff fully understand role and responsibilities of governors at early stage in appointment; senior staff are able to provide high quality reports and advice and guidance to governors

The external governance review findings also reflect 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' was in place and that 'governors are extremely knowledgeable about the strengths and weaknesses of the Group and provide highly effective challenge to leaders'.

The Governing Body is committed to development and governors regularly access internal and external training. In 2022-23, internal development opportunities included the Governing Body's annual strategic conference held on 3 and 4 February 2023 and three Governor Workshops held in September, January and May. Topics covered included: cyber security, safeguarding, college strategic objectives, governor roles and responsibilities, finance and funding in the FE sector, meeting skills needs and the Etc. Governors' SharePoint. Governors also attended an in-house briefing on the Group's Business Planning / Performance Review (BP/PR) cycle. New governors appointed in May and July 2023 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' (AoC) National Conference; AoC Governor Summit; AoC/Education Training Foundation (ETF) Regional Governance Conferences; ETF Staff Governor Conference; ETF/AoC Regional Governor Inductions; AoC Chairs and Vice Chairs Q&A; AoC Colleges' Committee Chairs' Networks (Curriculum and Quality / Finance and Audit); AoC and ETF webinars (Meeting Local Needs; ONS reclassification); and hydrogen safety training.

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; attendance at an Apprenticeship Council meeting; participation in learning walks; attendance at learner forums; meetings with external stakeholders; independent research on governance and further education; and attendance at other Group events, including annual staff seminar, graduation ceremonies, Group voluntary day, performing arts events and art shows. Link governors also attended internal forums, for example, in respect of Safeguarding; Equality, Diversity and Inclusion; and T Levels.

Training and development opportunities accessed by the Clerk to the Corporation and Governance Support Officer during the 2022-23 year included: the Association of Colleges' Governance Professionals Conference 2023, AoC Governors' Summit, AoC Regional Governance

Conferences, and the Education Training Foundation Governance and Governance Professionals' Development Workshops. The Clerk to the Corporation and Governance Support Officer also regularly attended meetings of the North East Governance Professionals network and attended webinars covering topics such as board reviews, accountability agreements, meeting local needs, ONS reclassification, Local Skills Improvement Plans, Charities Act 2022, governance impact, board culture and relationships, governance professional role, minute-taking, and subsidiary companies. The Clerk and Governance Support Officer also accessed internal training and development opportunities, including Safeguarding training, employment law update and various health and well-being training sessions.

Remuneration Committee

Throughout the year ending 31 July 2023, the Governing Body's Remuneration Committee comprised the Corporation Chair and three further independent governors. The committee's responsibilities are to make recommendations to the Finance and Employment Committee and the Governing Body on the performance, remuneration and benefits of the Accounting Officer and certain other key management personnel (specifically Senior Post Holders and the Clerk to the Corporation).

Details of the remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

The Governing Body adopted the AoC Colleges' Senior Post Holder Remuneration Code on 17 October 2019 and is fully compliant with the Remuneration Code. The Remuneration Committee considered the 2022-23 Annual Remuneration Report and Statement at its autumn term meeting on 9 November 2023.

Audit Committee

In 2022-23, the Audit Committee comprised three governors (excluding the Accounting Officer and Corporation Chair), with a fourth, co-opted, member appointed to the committee on 18 May 2023. A further governor was appointed to the Governing Body and the Audit Committee on 6 July 2023. The Audit Committee operates in accordance with written terms of reference approved by the Governing Body.

The Audit Committee meets at least four times per year and held an additional special meeting in me2022-23 (a total of five meetings held). The Committee ets four times each year and provides a forum for reporting by the Group 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 Governing Body on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Governing Body.

The Audit Committee met five times in the year to 31 July 2023 (two meetings held in the autumn term, one in the spring term, two in the summer term (including one special meeting considering auditor appointments). The members of the committee and their attendance records are shown below:

Name	Total Attendance	Notes
Rachel Beeken	100%	5/5
Gary Bowdler	100%	1/1
Subhash Chaudhary	100%	5/5
Mark Wilson	100%	5/5
Overall attendance rate	100%	16/16

David Watson was also appointed as an Audit Committee member in July 2023. As no further meetings of the Audit committee were held in the 2022-23 year following his appointment, he is not included in the attendance table above.

Finance and Employment Committee

The Finance and Employment Committee met three times in 2022-23 to monitor financial performance and consider key staffing and accommodation issues. There were between four and seven committee members in 2022-23.

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 Governing Body composition and succession planning, committee structures, and governor self-assessment processes. Four governors served on the Search and Governance Committee in 2022-23.

Standards Improvement Committee

The Standards Improvement Committee meets four times per year. Its role is to support the -Governing Body to: monitor and review the quality of learners' experience across all group provision, including subcontracted provision; monitor and review the Group's quality assurance processes; and challenge Group performance based on relevant data. The committee also investigates any specific quality issues, as referred by the Governing Body. There were between six and eight committee members in 2022-23, including co-opted members.

INTERNAL CONTROL

Scope of Responsibility

The Corporation is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Chief Executive and Group Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between the Education Training Collective (Etc.) and the funding bodies. The Accounting Officer is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Etc. for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

The system of internal control is based on a framework of regular management information, 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 Governing Body also establishes specific risk registers for significant projects or events as required. In 2022-23, risk registers for major capital projects were put in place and considered at Capital Group meetings during the year.

Control Weaknesses Identified
There were no significant internal control weakness or failures in 2022-23.

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; and establishing and maintaining a Business Continuity Plan.

The Department for Education and the Education and Skills Funding Agency introduced new controls for the Group on 29 November 2022, on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The Group has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit Committee
The Audit Committee has advised the Governing Body 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 and in reaching that opinion has placed reliance on the work of the internal auditor. 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 a financial health rating of 'Good' for the 2022-23 academic year.
The specific areas of work undertaken by the Audit Committee in 2022-23 and up to the date of the approval of the financial statements are:

- Identifying preferred new internal and external auditor providers via tender process and making recommendations on auditor appointments to the Governing Body
- Reviewing and advising the Governing Body on the Audit Strategy and annual Internal Audit Plan for the work of the internal audit service;
- Reviewing Internal Audit Reports and considering recommendations and management responses.
  Internal audit areas considered in 2022-23 included: Capital Planning and Estates (assurance rating: substantial), Microsoft Office 365 Security/Cyber Resilience (assurance rating: reasonable); Staff Recruitment and Retention (advisory); Business Continuity (assurance rating: good); Subcontracting (assurance rating: substantial); T Levels (assurance rating: reasonable); Apprenticeships follow up (assurance rating: good); Follow-up of Previous Recommendations (assurance rating: good);
- Advising the Governing Body on the scope and objectives of the work of the Financial Statements Auditor and on any control issues included in the Management Letters of the Financial Statements Auditor (including their work on regularity) or other third party assurance reports and Management's responses to these. The committee reviewed the Regularity Self Assessment Questionnaire and recommended this for signature by the Governing Body Chair; and noted feedback from an audit of apprenticeship compliance undertaken by the Education and Skills Funding Agency
- 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 Group risks and mitigating action;
- Monitoring fraud and regularity issues;
- Review of Financial Regulations; and
- Producing an Annual Report for the Board of Governing Body 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 Group's risk management, control and governance processes.

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

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

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management team and the Audit 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 14 December 2023, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Management team and internal audit, and taking account of events since 31 July 2023.

Based on the advice of the Audit Committee and the 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 14 December 2023 and signed on its behalf by:

Signed:	Signed:
Stuart Blackett, Chair of the Corporation	Grant Glendinning, Accounting Officer

As accounting officer, I confirm that the Corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of grant funding agreements and contracts with the ESFA and has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm, on behalf of the Corporation, that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the Corporation's grant funding agreements and contracts with the ESFA or any other public funder. This includes the elements outlined on the "Dear Accounting Officer" letter of 29 November 2022 and ESFA's bite size guides.

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

Signed:

Grant Glendinning
Accounting Officer
Date: 14/12/2023

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:

Stuart Blackett
Chair of the Corporation
Date: 14/12/2023

The members of the Corporation, who act as trustees for the charitable activities of the College, are required to present audited financial statements for each financial year.

In accordance with the law applicable to charities in England and the terms and conditions of the Corporation's grant funding agreement and contracts with Education and Skills Funding Agency (ESFA) Tees Valley Combined Authority (TVCA), the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for that period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the 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 maintenance and integrity of the Group website is the responsibility of the Corporation of the College; 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.
Corporation

Members of the Corporation are responsible for ensuring that expenditure and income are applied for for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities following the reclassification of college Corporations on 29 November 2022. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2023 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 2023 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 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 2023 and of the Group's and the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 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 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 The Education Training Collective

As explained more fully in the Statement of the Member of the Corporation's Responsibilities set out on pages 33 to 34, 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 frameworks that the group and College operate in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- 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 and tax compliance regulations. 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 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 surrounding 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 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
1 St James' Gate
Newcastle Upon Tyne
NE1 4AD

18 December 2023

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 2022 to 31 July 2023 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 2022 to 31 July 2023 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 have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

Responsibilities of Corporation of The 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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
1 St James' Gate
Newcastle Upon Tyne
NE1 4AD

18 December 2023

The Education Training Collective
Consolidated Statement of Comprehensive Income and Expenditure
For the Year Ended 31 July 2023

	Notes	*Group 2023 £000*	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
Income					
Funding body grants	2	27,070	27,070	24,981	24,962
Tuition fees and education contracts	3	4,093	4,093	4,536	3,254
Other grants and contracts	4	45	45	45	45
Other income	5	1,919	2,344	2,195	2,063
Investment income	6	106	106	15	15
Total income		**33,233**	**33,658**	**31,772**	**30,339**
Expenditure					
Staff costs	7	22,300	21,907	23,134	22,144
Restructuring costs	7	69	69	223	223
Other operating expenses	8	8,555	8,283	7,646	7,974
Depreciation and Amortisation	11/12	2,386	2,344	2,668	2,602
Interest and other finance costs	9	360	300	650	588
Loss on Disposal of assets	8	-	-	4	-
Total expenditure		**33,670**	**32,902**	**34,325**	**33,531**
(Deficit)/Surplus before other gains and losses		**(437)**	**756**	**(2,554)**	**(3,193)**
Taxation	10	(3)	-	-	-
(Deficit)/Surplus for the year		**(440)**	**756**	**(2,554)**	**(3,193)**
Remeasurement of net defined benefit asset/(liability)	24	4,682	4,682	22,188	22,188
Total comprehensive income for the year		**4,242**	**5,437**	**19,634**	**18,995**

The Education Training Collective
Consolidated and College Statement of Changes in Reserves
For the Year Ended 31 July 2023

	Income and expenditure	*Reserve*	*Revaluation reserve*	*Total*
	£000	***£000***	***£000***	***£000***
Group				
Balance as at 1 August 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	-	-
	19,609	25	-	19,634
Balance as at 31 July 2022	19,346	50	309	19,705
Deficit from the income and expenditure account	(440)	-	-	(440)
Other comprehensive income:				
Actuarial gain	(4,682)		-	(4,682)
Transfer to designated reserve	(25)	25	-	-
Total comprehensive income for the year				
Balance as at 31 July 2023	**23,564**	**75**	**309**	**23,948**
College				
Balance as at 1 August 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	-	-
	18,970	50	309	18,995
Balance as at 31 July 2022	18,448	50	309	18,808
Surplus from the income and expenditure account	756	-	-	-
Other comprehensive income				
Actuarial gain	4,682	-	-	-
Transfer to designated reserve	(25)	25	-	-
Total comprehensive income for the year	5,413	25	-	5,438
Balance as at 31 July 2023	**23,862**	**75**	**309**	**24,246**

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 2023

	Notes	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Non-current assets					
Intangible fixed assets	11	38	38	90	90
Tangible fixed assets	12	71,730	71,311	65,059	64,483
Investments	13	-	-	-	-
		71,768	**71,349**	**65,149**	**64,573**
Current assets					
Stocks		28	18	28	4
Trade and other receivables	14	2,246	2,316	2,020	1,807
Cash and cash equivalents	19	6,684	6,567	4,100	3,092
		8,958	**8,901**	**6,148**	**4,903**
Less: Creditors - amounts falling due within one year	15	(5,140)	(5,052)	(5,098)	(4,933)
Net current assets		**3,818**	**3,849**	**1,050**	**(30)**
Total assets less current liabilities		**75,586**	**75,198**	**66,199**	**64,543**
Creditors - amounts falling due after more than one year	16	(51,882)	(51,196)	(43,045)	(42,287)
Provisions					
Defined benefit pension scheme asset/(liability)	18/24	950	950	(2,567)	(2,567)
Provision	18	(707)	(707)	(881)	(881)
Total net assets		**23,947**	**24,245**	**19,706**	**18,808**
Unrestricted Reserves					
Income and expenditure account		23,563	23,861	19,347	18,449
Designated reserve		75	75	50	50
Revaluation reserve		309	309	309	309
Total unrestricted reserves		**23,947**	**24,245**	**19,706**	**18,808**

The financial statements on pages 41 to 71 were approved and authorised by the Corporation on 14 December 2023 and were signed on its behalf on that date by:

Signed:

Stuart Blackett
Chair of the Corporation

Signed:

Grant Glendinning
Accounting Officer

	Notes	*2023*	*2022*
		£000	*£000*
Cash flow from operating activities			
Deficit for the year		(440)	(2,554)
Adjustment for non-cash items			
Depreciation and Amortisation		2,386	2,668
Capital grants released		(1,256)	(1,423)
Decrease/(increase) in stocks		(5)	(3)
Increase in debtors		(226)	(84)
(Decrease)/increase in creditors due within one year		(402)	523
Increase/(decrease) in creditors due after one year		-	-
Decrease in provisions		(174)	(42)
Pensions costs less contributions payable		1,165	3,079
Adjustment for investing or financing activities			
Investment income		(106)	(15)
Interest payable		360	650
Taxation paid		3	-
Loss on sale of fixed assets		-	5
Net cash flow from operating activities		**1,305**	**2,804**
Cash flows from investing activities			
Proceeds from sale of fixed asset		-	-
Capital grants received		10,857	1,247
Other grants received		-	-
Other grants released		-	-
Investment income		106	15
Payments made to acquire fixed assets		(9,005)	(2,363)
		(1,958)	(1,101)
Cash flows from financing activities			
Interest paid		(300)	(588)
Interest element of finance lease rental payments		(60)	(64)
Proceeds of new borrowings		-	-
Repayments of amounts borrowed		(248)	(252)
Capital element of finance lease rental payments		(71)	(71)
		(679)	(973)
Increase in cash and cash equivalents in the year		**2,584**	**733**
Cash and cash equivalents at beginning of the year	19	4,100	3,366
Cash and cash equivalents at end of the year	19	6,684	4,100

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 2022 to 2023* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic* of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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 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 2023.

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 2023 has £2.462m of loans outstanding with bankers on terms re-negotiated in July 2018. The terms of the existing agreement are for up to another 10 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 2025. 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.

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), which are multi employer defined benefit plans.

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 projected unit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the consolidated statement of income and expenditure in the periods during which services are rendered by employees.

Teesside LGPS
The Teesside LGPS is a funded scheme. The assets of the Teesside LGPS are measured using closing fair values. Teesside LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the consolidated statement of comprehensive income and expenditure and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses, the effect of the asset ceiling, and the return on scheme assets (excluding amounts included in net interest on the defined asset or liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgment is based on assessment of the nature of the scheme as a statutory scheme and its interest implied continuance as well as the operation of the primary and secondary contributions.

Other Key Sources of Estimation Uncertainty - LGPS

- The present value of the Teesside LGPS benefit obligation depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension obligation. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension obligation.

2 Funding Body Grants

	Year Ended 31 July		*Year Ended 31 July*	
	Group 2023 £000	***College 2023 £000***	***Group 2022 £000***	***College 2022 £000***
Recurrent Grants:				
ESFA – 16-18	16,346	16,346	14,941	14,941
ESFA – adult education budget	562	562	580	580
TVCA – adult education budget	4,547	4,547	3,776	3,757
ESFA – apprenticeships	3,072	3,072	2,803	2,803
Specific Grants:				
Release of government capital grants	977	977	878	878
TPS contribution grant	531	531	449	449
Release of other grants	1,034	1,034	1,554	1,554
	27,070	**27,070**	**24,981**	**24,962**

3 Tuition Fees and Education Contracts

	Year Ended 31 July		*Year Ended 31 July*	
	Group 2023 £000	***College 2023 £000***	***Group 2022 £000***	***College 2022 £000***
Adult education fees	1,812	1,812	1,765	483
Apprenticeship fees and contracts	34	34	27	27
Fees for FE loan supported courses	540	540	807	807
Fees for HE loan supported courses	1,241	1,241	1,536	1,536
Total tuition fees	**3,627**	**3,627**	**4,135**	**2,853**
Education contracts	466	466	401	401
	4,093	**4,093**	**4,536**	**3,254**

4 Other Grants and Contracts

	Year Ended 31 July		*Year Ended 31 July*	
	Group 2023 £000	***College 2023 £000***	***Group 2022 £000***	***College 2022 £000***
Release of other capital grants	45	45	45	45
	45	**45**	**45**	**45**

5 Other Income

	Year Ended 31 July		*Year Ended 31 July*	
	Group	***College***	***Group***	***College***
	2023	***2023***	***2022***	***2022***
	£000	***£000***	***£000***	***£000***
Catering	745	-	681	-
Other income generating activities	263	263	247	247
Miscellaneous income	911	985	1,267	1,816
NETA assets transferred	-	1,095	-	-
	1,919	**2,344**	**2,195**	**2,063**

6 Investment Income

	Year Ended 31 July		*Year Ended 31 July*	
	Group	***College***	***Group***	***College***
	2023	***2023***	***2022***	***2022***
	£000	***£000***	***£000***	***£000***
Other interest receivable	106	106	15	15
	106	**106**	**15**	**15**

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***
	2023	***2023***	***2022***	***2022***
Teaching staff	199	199	198	198
Non-teaching staff	532	506	544	503
	731	**705**	**742**	**701**

	Year End 31 July		*Year End 31 July*	
	Group	***College***	***Group***	***College***
	2023	***2023***	***2022***	***2022***
	£000	***£000***	***£000***	***£000***
Staff costs for the above persons:				
Wages and salaries	16,257	15,897	15,730	15,008
Social security costs	1,431	1,414	1,367	1,318
Other pension costs (including FRS102 s.28 adjustments) of £925k (2022 £2,689k)	3,576	3,569	5,234	5,202
Payroll sub-total	**21,264**	**20,880**	**22,331**	**21,528**
Contracted out staffing services	1,036	1,027	803	616
	22,300	**21,907**	**23,134**	**22,144**
Restructuring costs: Contractual	38	39	193	193
Restructuring costs: Non-contractual	31	31	30	30
	22,369	**21,976**	**23,357**	**22,367**

Severance payments
The college paid 10 severance payments in year, disclosed in the following bands:

0 - £25,000	10

Included in staff restructuring costs are special severance payments totalling £15,748 (2022 - £29,443). Individually, the payments were £1,470, £2,036, £3,000 and £9,242.

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 Chief Executive, Chief Operating Officer, Chief Financial Officer, two Executive Principals, College Principals, Group Director of Human Resources and People Development, 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:

	2023	***2022***
The number of key management personnel including the Accounting Officer was:		
	12	12

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	***2023***	***2022***	***2023***	***2022***
£	***No.***	***No.***	***No.***	***No.***
60,001 – 65,000	2	2	-	-
65,001 – 70,000	1	2	-	1
70,001 – 75,000	1	2	-	-
75,001 – 80,000	-	2	-	-
80,001 – 85,000	1	1	-	-
85,001 – 90,000	2	-	-	-
90,001 – 65,000	1	-	-	-
130,001 – 135,000	1	-	-	-
160,001 – 165,000	-	1	-	-
	9	10	-	1

Key management personnel emoluments are made up as follows:

	2023	***2022***
	£000	***£000***
Basic salary	829	865
Performance related pay and bonus	-	3
Benefits in kind	-	-
Employer NI contribution	104	110
Pension contribution	169	177
	1,102	**1,155**

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

The above emoluments include amounts payable to the Group Principal and Chief Executive, who is the Accounting Officer, and who is also the highest paid member of staff. Their pay and remunerations are as follows:

1st August 2022 to 21st August 2022

	2023	***2022***
	£000	***£000***
Basic salary	9	160
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contribution	2	38
Total	**11**	**198**
Exit payment	**-**	111
Grand total	**11**	**309**

22nd August 2022 continuing

	2023	***2022***
	£000	***£000***
Basic salary	135	-
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contribution	32	-
Total	**167**	**-**
Grand total	**167**	**-**

The Governing Body 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 Chief Executive, is subject to annual review by the Remuneration Committee of the Governing Body who use benchmarking information to provide objective guidance.

The remuneration of the Accounting Officer for 2022-23 was determined on 10 November 2022 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. A similar process was used to determine the remuneration of other key management personnel.

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

	2023	***2022***
	£'000	***£'000***
Group Principal and Chief Executive basic salary as a multiple of the median of all staff*	5.4:1	6.6:1
Group Principal and Chief Executive total remuneration (excluding exit payment) as a multiple of the median of all staff*	5.9:1	7.5:1
Group Principal and Chief Executive total remuneration (including exit payment) as a multiple of the median of all staff*	N/A	9:1

*All staff includes flexible/atypical staff but excludes payments to agency workers as agencies are paid via invoices and costs are not reported within total staff costs above. Details of the number of individuals involved and the number of hours worked has not been captured during the 2022-23 financial year.

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

Governors' remuneration
The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Governing Body did not receive any payments from the college in respect of their roles as governors.

During the year, 6 (2022 - 1) governors with total expenses of £1,101 (2022 - £1,868) were paid to or on their behalf in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

8 Other Operating Expenses

	Year End 31 July		*Year End 31 July*	
	2023	***2023***	***2022***	***2022***
	Group	***College***	***Group***	***College***
	£000	***£000***	***£000***	***£000***
Teaching costs	2,215	2,215	2,282	3,062
Non-teaching costs	3,647	3,381	3,078	2,822
Premises costs	1,682	1,676	1,476	1,280
Education and Skills Funding Agency funded franchising provision costs	1,011	1,011	810	810
	8,555	**8,283**	**7,646**	**7,974**

Other operating expenses include:	***2023***	***2022***
	£000	***£000***
Auditors' remuneration:		
Financial statements and audit*	61	55
Internal audit**	20	20
Loss on disposal of tangible fixed assets	-	4
Hire of assets under operating leases	156	59

*includes £61k in respect of the College (2022: £40k)
**includes £20k in respect of the College (2022: £20k)

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

	Total	Individual items above £5,000	
		Amount	Reason
	£	£	
Compensation payments	0	n/a	n/a
Write offs	40	n/a	n/a
Guarantees, letters of comfort and indemnities	0	n/a	n/a

9 Interest and Other Finance Costs – Group and College

	Group 2023 £000	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
On bank loans, overdrafts and other loans	167	167	182	182
	167	**167**	**182**	**182**
On finance leases:	60	-	63	-
Net interest on defined pension liability (FRS102 s.28 - £106k (note 24)) and (EPP - £26.8k)	133	133	406	406
	360	**300**	**650**	**588**

10 Taxation (Group Only)

	Group 2023 £000	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
United Kingdom Corporation Tax at 25 per cent	3	-	-	-
	3	**-**	**-**	**-**

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

11 Intangible Fixed Assets (Group and College)

	Major IT/Software	
Cost or Valuation	**Group £'000**	**College £'000**
As at 1 August 2022	566	566
Additions	-	-
Disposals	-	-
As at 31 July 2023	**566**	**566**
Depreciation		
As at 1 August 2022	476	476
Charge for the year	52	52
Elimination in respect of disposals	-	-
As at 31 July 2023	528	528
Net book value as at 31 July 2023	**38**	**38**
Net book value as at 31 July 2022	90	90

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 2022	78,830	1,117	14,699	1,159	95,805
Additions	3,589	-	4,447	969	9,005
Transfer from Assets in course of Construction	1,159	-	-	(1,159)	-
Disposals	-	-	(96)	-	(96)
As at 31 July 2023	**83,578**	**1,117**	**19,050**	**969**	**104,714**
Depreciation					
As at 1 August 2022	19,667	659	10,418	-	30,744
Charge for the year	1,241	40	1,055	-	2,336
Elimination in respect of disposals			(96)		(96)
As at 31 July 2023	**20,908**	**699**	**11,377**	**-**	**32,984**
Net book value as at 31 July 2023	**62,670**	**418**	**7,673**	**969**	**71,730**
Net book value as at 31 July 2022	59,163	457	4,281	1,159	65,059

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 2022	78,809	-	14,208	1.159	94,176
Transfer from merger	5	15	480		500
Additions	3,589	-	4,447	969	9,005
Transfer from Assets in course of Construction	1,159	-	-	(1,159)	-
Disposals	-	-	(96)		(96)
As at 31 July 2023	**83,562**	**15**	**19,039**	**969**	**103,586**
Depreciation					
As at 1 August 2022	19,661	-	10,032	-	29,693
Transfer from merger	5	11	369	-	384
Charge for the year	1,241	2	1,052		2,294
Elimination in respect of disposals			(96)		
As at 31 July 2023	**20,906**	**13**	**11,356**	**-**	**32,275**
Net book value as at 31 July 2023	**62,656**	**3**	**7,683**	**969**	**71,311**
Net book value as at 31 July 2022	59,163	-	4,176		64,483

Land and buildings with a net book value of £48,288,733 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 (2022: £1,759,500) for which title deeds and leasehold agreements have been transferred to the College.

13 Non-current Investments

	Group 2023 £000	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
Investments in subsidiaries	-	-	-	-
Intangible assets	-	-	-	-
	-	-	-	-

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

The College owns 100% of Tees Valley Catering Ltd, a company incorporated in England and Wales, whose principal activity is the provision of catering services. The company is limited by guarantee without share capital.

The 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 2023 £000	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
Amounts falling due within one year:				
Trade receivables	426	410	381	246
Amounts owed by Group undertakings:				
Subsidiary undertakings	-	108	-	106
Prepayments and accrued income	1,009	987	949	766
Amounts owed by the Education and Skills Funding Agency	811	811	690	690
	2,246	**2,316**	**2,020**	**1,808**

15 Creditors: Amounts Falling Due Within One Year

	Group 2023 £000	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
Bank loans	244	244	248	248
Obligations under finance leases	71	-	71	-
Trade payables	907	904	705	684
Amounts owed to Group undertakings:				
Subsidiary undertakings	-	144	-	172
Other taxation and social security	359	340	407	401
Accruals and deferred income	1,658	1,519	2,253	2,014
Deferred income – government capital grants	1,671	1,671	1,223	1,223
Amounts owed to the Education and Skills Funding Agency	230	230	191	191
	5,140	**5,052**	**5,098**	**4,933**

16 Creditors: Amounts Falling Due After One Year

	Group 2023 £000	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
Bank loans	2,218	2,218	2,462	2,462
Obligations under finance leases	686	686	758	-
Deferred income – government capital grants	46,752	46,752	37,599	37,599
Deferred income – government revenue grants	2,226	2,226	2,226	2,226
	51,882	**51,882**	**43,045**	**42,287**

17 Maturity of debt

(a) Bank Loans

Bank loans are repayable as follows:

	Group 2023 £000	*College 2023 £000*	*Group 2022 £000*	*College 2022 £000*
In one year or less	244	244	248	248
Between one and two years	244	244	244	244
Between two and five years	732	732	732	732
In five years or more	1,242	1,242	1,486	1,486
	2,462	**2,462**	**2,710**	**2,710**

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 2023 £000	***College 2023 £000***	***Group 2022 £000***	***College 2022 £000***
In one year or less	71	-	71	-
Between one and five years	284	-	284	-
In five years or more	402	-	474	-
	757	**-**	**829**	**-**

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 2022	2,567	811	70	3,448
Expenditure/movement in the period	(3,517)	(174)	-	(3,691)
At 31 July 2023	**(950)**	**637**	**70**	**(242)**

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

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw from the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies. The actuarial gain and recognised in other comprehensive income is £134k.

The principal assumptions for this calculation are:

	2023	**2022**
Price inflation	2.8%	2.9%
Interest rate	5.0%	3.3%

19 Cash and Cash Equivalents (Group Only)

	At 1 August 2022 £000	Cash Flows £000	At 31 July 2023 £000
Cash and cash equivalents	4,100	2,584	6,684
	4,100	**2,584**	**6,684**

20 Capital and Other Commitments (Group and College)

	2023 £000	2022 £000
Commitments contracted for at 31 July	3,479	6,392

The Group has a number of major capital schemes underway, due for completion in 2023-24.

21 Lease Obligations

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

Future minimum lease payments due:	*2023 £000*	*2022 £000*
Land and buildings:		
Not later than one year	41	41
Later than one year and not later than five years	82	123
Later than five years	-	-
	123	164
Other:		
Not later than one year	271	56
Later than one year and not later than five years	610	81
	881	137
Total Lease payments due	**1,004**	**301**

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

Amounts receivable	***2023***	***2022***
	£'000	***£'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 (2022 £nil).

23 Events after Reporting Period

On 1 August 2023, Tees Valley Catering transferred its activities to the Etc. It continues to trade as a department within the Group.

24 Retirement Benefits

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

		2023		***2022***
		£000		***£000***
Total pension cost for the year within staff costs:				
TPS: contributions paid		1,471		1,458
LGPS:				
Contributions paid	1,174		1,055	
FRS 102 (28) charge	925		2,689	
Charge to the consolidated statement of comprehensive incomed and expenditure		2,099		3,744
Contributions from subsidiaries & Other Pension Agencies		7		32
		3,576		**5,234**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022. Contributions amounting to £136k (2022: £128k) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

Valuation of the Teachers' Pension Scheme

The valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016 £22 billion)
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024. The pension costs paid to TPS in the year amounted to £989,000 (2022: £1,490,000)

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 £1,471k (2022: £1,458k).

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 2023 were £1,648k of which employer's contributions totalled £1,172k and employees' contributions totalled £476k. The agreed contribution rates for future years are 15.7% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	2023	***2022***
Rate of increase in salaries	4.00%	3.75%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.80%
Commutation of pensions to lump sums	50%	50%

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 2023 Years	***At 31 July 2022 Years***
Retiring today		
Males	20.5	21.7
Females	23.5	23.5
Retiring in 20 years		
Males	21.3	22.9
Females	25.0	25.3

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

	Fair Value at 31 July 2023 £000	***Fair Value at 31 July 2022 £000***
Equity instruments	34,319	30,340
Debt instruments	-	-
Property	10,813	8,031
Cash	1,880	6,246
Other	-	-
	47,012	**44,617**
Actual return on plan assets	**1,824**	**3,442**

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

	2023 £000	***2022 £000***
Fair value of plan assets	47,012	44,617
Present value of plan liabilities	(39,814)	(47,184)
Asset ceiling adjustment	(6,248)	-
Net pensions asset / (liability) (note 18)	**950**	**(2,567)**

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

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

	2023	*2022*
	£000	***£000***
Amounts included in staff costs:		
Current service cost	2,213	3,746
Past service cost	-	-
Total	**2,213**	**3,746**

Amounts recognised in other comprehensive income:

	2023	*2022*
	£000	***£000***
Return on pension plan assets	(432)	2,748
Experience gains/(losses) arising on defined benefit obligations	(3,071)	(239)
Changes in assumptions underlying the present value of plan liabilities	14,299	19,574
Asset ceiling adjustment	(6,248)	-
	4,548	**22,083**

Movement in net defined benefit liability during the year:

	2023	*2022*
Net defined benefit liability in scheme as at 1 August	(2,567)	(21,571)
Movement in year:		
Current service cost	(2,213)	(3,746)
Employer contributions	1,288	1,057
Past Service cost	-	-
Net interest on the defined liability	(106)	(390)
Actuarial gain or loss	10,796	22,083
Asset ceiling adjustment	(6,248)	-
Net defined benefit asset/(liability) in scheme as at 31 July	**950**	**(2,567)**

Asset and Liability Reconciliation

	2023	***2022***
	£000	***£000***
Changes in the present value of defined benefit obligations:		
Defined benefit obligations as at the start of the year	47,184	62,145
Current service cost	2,213	3,746
Interest cost	1,676	1,084
Contributions by Scheme participants	477	433
Experience (gains) and losses on defined benefit obligations	(10,542)	(19,335)
Changes in financial assumptions	-	-
Estimated benefits paid	(1,194)	(889)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations as at the end of the year	**39,814**	**47,184**

Changes in fair value of plan assets:		
Fair value of plan assets as at the start of the year	44,617	40,574
Interest on plan assets	1,570	694
Return on plan assets	254	2,748
Employer contributions	1,288	1,057
Contributions by Scheme participants	477	433
Estimated benefits paid	(1,194)	(889)
Asset ceiling adjustment	(6,248)	-
Fair value of plan assets as at the end of the year	**40,764**	**44,617**

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 £1,102 - 6 governors (2022: £1,868 - 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 £356,236 (2022 – £353,159) from its subsidiary and sold goods and services of £nil (2022 - £nil) to its subsidiary. There were amounts of £nil (2022 – £171,732) owed to the subsidiary and £108,109 (2022 £105,638) owed by the subsidiary at the reporting date.

26 Amounts Disbursed as Agent

	2023	*2022*
	£000	*£000*
Learner support funds:		
16-18 bursary grants	658	543
Other funding body grants	167	136
Interest earned	-	-
	825	679
Disbursed to students	(729)	(560)
Administration costs	(29)	(25)
Balance unspent as at 31 July, included in creditors	**67**	**94**

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.