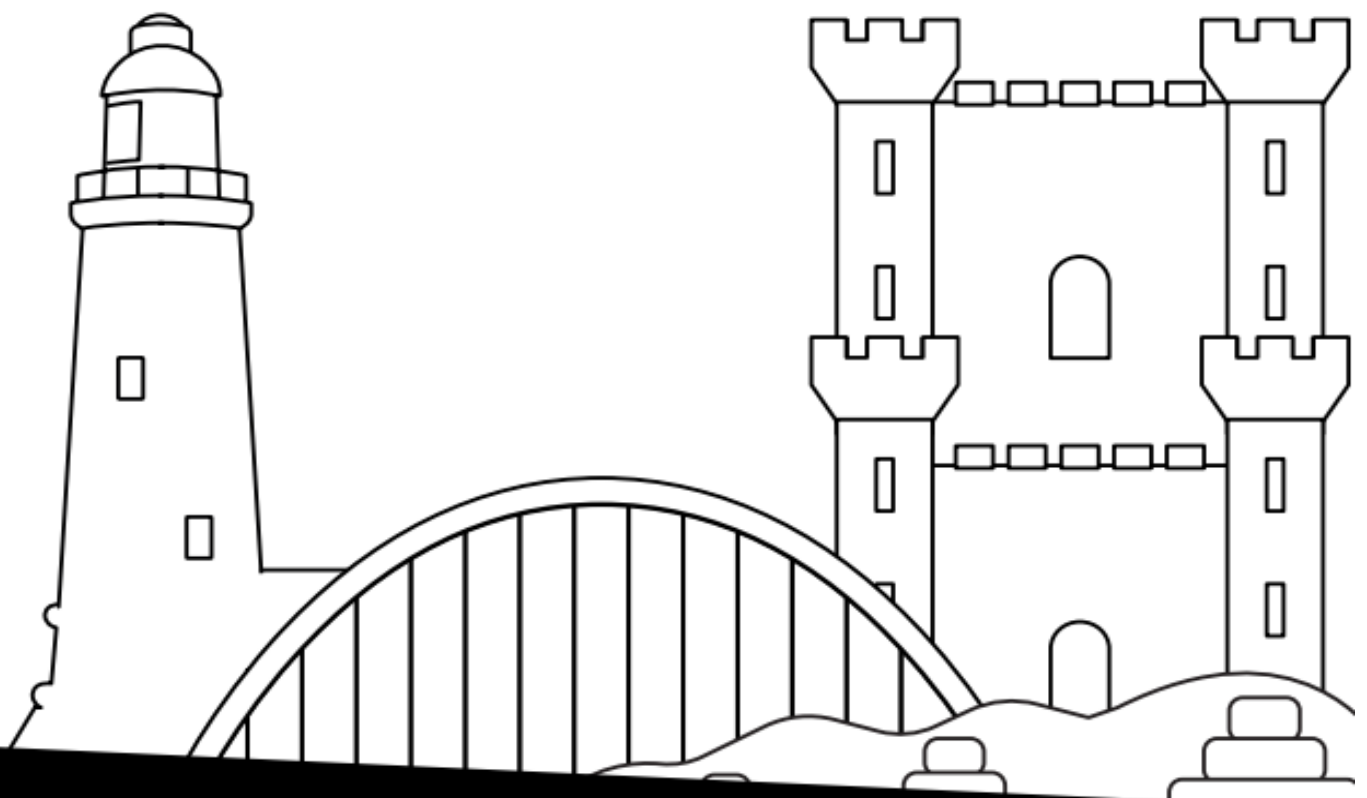


TYNE COAST COLLEGE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021



TyneCoastCollege



South Tyneside College



tyne
metropolitan
college



SOUTH SHIELDS
MARINE
SCHOOL



QUEEN
ALEXANDRA
SIXTH FORM COLLEGE

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Senior Executive Group and were represented by the following in 2020/21:

Dr Lindsey Whiterod CBE, Chief Executive Officer; Accounting Officer

Ms Jane Cuthbertson, Chief Finance Officer

Ms Catherine Donnelly, Executive Director of Human Resources

Mr Simon Ashton, Principal South Shields Marine School

Ms Mo Dixon, Principal Tyne Metropolitan College

Board of Governors

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

Mr Neil Longstaff, Director of Governance, acted as Clerk to the Board throughout the period.

Principal and Registered Office

St George's Avenue, South Shields, Tyne and Wear. NE34 6ET

PROFESSIONAL ADVISERS

Bankers

Barclays PLC

Percy Street

Newcastle upon Tyne

NE19 4QL

Financial statement and regularity auditor

Mazars LLP

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

Internal auditor

RSM LLP

Springfield House

76 Wellington Street

Leeds

LS1 2AY

Contents

Strategic Report	4
Statement of Corporate Governance and Internal Control	18
Statement of Regularity, Propriety and Compliance	26
Statement of Responsibilities of the Members of the Board	27
Independent Auditor's Report to the Board of South Tyneside College	29
Reporting Accountant's Assurance Report on Regularity	33
Statement of Comprehensive Income and Expenditure	35
Statement of Changes in Reserves	36
Balance Sheet at 31 July 2021	37
Statement of Cash Flows	38
Notes to the Accounts	39

Tyne Coast College

STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31st July 2021.

Tyne Coast College aims to provide outstanding educational opportunities for the benefit of the students and the communities we serve. We wish to be a world-class educational facility focussed on the developing the potential of the employees of the future, thereby ensuring the long-term prosperity of our region.

Legal Status

The Tyne Coast College Board was established on 1st August 2017 under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Vision and Mission

Our vision: Transforming Lives

Our mission is to provide outstanding educational opportunities for the benefit of the students and the communities we serve.

Implementation of Strategic Plan

The College adopted a business strategic plan for the period 2020 – 2025.

The College's key goals are:

1. Delivering outstanding education: teaching and learning

Teaching excellence must be at the heart of a world-leading Further Education college. For students and employers, who now invest substantially in their education, it is of critical importance. We are committing in this plan to stimulate greater innovation in teaching and to share excellent and expert practice across all curriculum areas, working closely with the Further Education sector bodies and with partner organisations worldwide. More generally, we need to build better ways of capturing excellent educational outcomes, and of refining existing indicators of students' learning experiences and progression to employment or further study or learning gain, and we will explore how we might promote increases in social capital and social agency. Supporting the interests of students by ensuring they have relevant and trustworthy information about employment opportunities and career paths, will continue to be an important aspect of our work.

In the period from 2018 to 2023, we will give key attention to high-level technical knowledge and skills. We will work with employers and partners to improve the range of professionally recognised technical routes on offer to students at levels 1-6, and to the progression pathways from intermediate to advanced levels, including pathways to and from apprenticeships and for part-time students alongside their work. Whatever choice they make during and after leaving school, our students should be able to develop their careers at any stage by taking appropriate opportunities to learn, to re-skill, and to obtain qualifications, which are recognised and valued by employers and by society more generally. We will continue to support the need for participation in science, technology, engineering and

Tyne Coast College

mathematics (STEM) subjects, and we will take steps to develop key subjects in other areas where this serves regional, employer and LEP interest.

2. Supporting social mobility

We are a major contributor to inter-generational social mobility. We enable individuals from all backgrounds to achieve their full potential as citizens, as professionals, and as highly skilled and valued employees. While progress has been made in the last five years to improve access to education from under-represented groups, there is still more to do. Continuing the improvement in participation from all under-represented groups, and eliminating unacceptable disparities in achievement and progression outcomes, therefore remain important objectives on which we will continue to lead.

During the 2018-2023 period, we will work to increase enrolments by developing increasingly deep relationships with schools and employers. Students with disabilities have long been central to the colleges' support for access and student success, but there is a need during the period of this plan to refresh our understanding of the latest challenges and practice across the sector, and to ensure that our teaching approach remains optimal. We are tackling this by gathering evidence on how students with specific learning difficulties are being supported, and on provision for students with mental health problems and/or physical impairments where intensive or multi-agency support is required.

These studies will feed into our wider plans for supporting every student. We will nurture enterprise and entrepreneurship across the private, public and voluntary sectors, and we are attuned to the competitive world in which we live. We deliver both economic and social innovation. We will support spin-outs and start-ups from our own students and staff; provide services to entrepreneurs; develop links with business and science parks where small and medium-sized companies find an environment conducive to innovation and growth; participate in inward investment initiatives; and engage with businesses more broadly in response to their needs. We are an important 'anchor' and 'place-maker' in our local and regional geography. Through 'smart specialisation', and our expertise in skills development, we will contribute proactively to the economic development priorities of our North East LEP and NECA. We play a leading role in the social, cultural and intellectual life of the towns and communities in which we are located.

3. Quality in everything we do

Quality assessment and assurance is an essential part of our business plan. Our future quality procedures must continue to be internationally respected, to have the confidence of students, employers and Ofsted, and support our world-class reputation. During the early years of this plan, we will develop future approaches to our assessment of quality in our Further and Higher Education delivery to ensure we robustly enforce the highest standards. We will develop innovative approaches to our quality assurance systems that are risk-based, proportionate, affordable and low-burden. Any new arrangements must build on established strengths and good practice and reflect the values and cultures of the college.

In fulfilling our responsibilities with regard to quality assurance, we have always relied on our own robust quality assurance systems and we will continue to benchmark and use external validation to ensure we are challenged on everything we do.

Tyne Coast College

4. Financial sustainability and efficiency

We will work with Governors, Auditors, Funders and Regulators to ensure we are managed on a financially sustainable basis. It is vital that the college continues to invest in its facilities and infrastructure and to develop collaborative arrangements for their use where appropriate. Our capital funding for teaching and learning will be targeted in an efficient way to ensure value for money and to support the college in providing facilities that are up-to-date and relevant. We will continue to monitor and evaluate the quality of the college's estate. Both predecessor colleges have a strong record for delivering efficiencies while maintaining high-quality teaching and learning. As public finances are likely to remain stretched during the period of this business plan, there will be a sharpening focus on the efficiencies delivered by the combined college.

5. Work in partnership

To meet our objectives, we need to work with and through others. We will promote a constructive dialogue with schools and universities, and with their representative partners. We will continue to work and develop stronger relationships with employers and industry bodies. We will seek to develop positive relationships with new providers, with new entrants to the publicly funded sector and with international bodies where relevant.

6. Communications

Professional, targeted and effective communications are critical to the delivery of our aims and objectives. Our stakeholder surveys found high levels of partner and stakeholder satisfaction with the way we communicate. We also want to improve the ways that we listen to and engage with our stakeholders, and we want to do more to ensure that we are communicating clearly and consistently about what we are doing. We will ensure that the prospectuses and information we publish are more accessible and disseminated to a wider audience to stimulate recruitment. We are considering how to focus our communications more effectively to meet the needs of our different stakeholder groups, and we will improve the quality of our marketing and the way we report on their outcomes.

7. Growing the business

North and South Tyneside and the wider conurbation is presented with several significant opportunities in the years ahead. As a region, we must take on the challenge of filling our skills gap and growing our thriving sectors, and we must continue to regenerate and redevelop those areas of our region that can best attract new investment, industry and jobs.

We must also be mindful that there are still areas of our region, which need support – where high unemployment and low levels of skills and aspiration remain. Tyne Coast College plays a vital role in North and South Tyneside and the wider region's future prosperity but with past and potential future cuts in funding, we must think more innovatively to make our resources and influence go further. The Government's expectations of the FE sector have also evolved. An emphasis on the delivery of apprenticeships and higher-level technical qualifications means that the college must work much more closely with local businesses and employer bodies to ensure we are fully responsive to changing needs and skills gaps. We will also increase our income diversification and continue to grow our commercial activity to reduce our reliance on Government funding.

It is also widely acknowledged that both North and South Tyneside have insufficient numbers of appropriately qualified residents with the required core skills to meet the

Tyne Coast College

emerging needs of our regional economy. We believe that Tyne Coast College is the best provider to meet these challenges, being more resilient, efficient and better able to provide a more coherent and high-quality offer. Our guiding principle throughout our planning is whether we will enhance opportunities for our local, regional and international students. As a new, stronger, more financially resilient college, we will develop specialisms nationally, internationally and in each campus and better facilitate the development of higher levels skills provision, apprenticeships and higher education opportunities. We will engage with employers and ensure that students are ready for the job opportunities of the future.

The college developed several strategic priorities and key performance indicators for the college. Further information can be found on these in the Strategic Business Plan 2020-25.

RESOURCES

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

The College employs 530 people of whom 220 are teaching staff.

Tangible resources include the South Shields campus, the Marine Offshore and Safety Training Centre on the South Shields riverside, the Tyne Metropolitan campus in Battle Hill and the Queen Alexandra sixth form campus.

As at 31 July 2021, the College has £14,590,000 (2019/20: £5,274,000) of net assets (including £30,980,000 (2019/20: £40,330,000) LG pension liability) and long term debt of £8,500,000 (2019/20: £8,026,000).

The College reputation for educational quality is growing year-on-year, regionally, nationally and internationally. In delivering a wide range of qualifications across broad subject areas, maintaining a distinctive and high-quality brand is especially important. Doing so allows the college to attract large student numbers from its local catchment area and maritime learners from across the UK and overseas.

The College has been awarded several accolades in recent years. In 2019, South Shields Marine School received the highly prestigious Queen's Anniversary Prize for Higher and Further Education for ground-breaking innovation in 3D modelling. The marine school also received the Educate North Awards' International Partnership Award two years consecutively. South Tyneside College received a Silver Pearson Teaching Award for Excellence in Special Needs and has also received the TES FE College of the Year and the TES Overall Provider of the Year Awards.

The College is an education partner in the International Advanced Manufacturing Park and the North East Institute of Technology. The College was graded 'Good' by Ofsted in 2019. Chief Executive, Dr Lindsey Whiterod CBE, is a National Leader of Further Education.

Tyne Coast College

STAKEHOLDERS

In line with other colleges and universities, Tyne Coast College has many stakeholders. These include:

- current, future and past students;
- staff and their trade unions; the senior management team are named on page 2. The trade unions of which Tyne Coast College staff are members are the University and College Union, National Education Union and Unison;
- several key stakeholders across the region including North East LEP, North and South Tyneside Local Authorities, Northumberland Council, North of Tyne Combined Authority and the Chamber of Commerce. Major employers in the region we support extends from large national organisations such as the NHS, Nexus, Northern Powergrid, EDF Energy, NUFC and Northumberland Fire Service. We also work with medium sized organisations such as British Engines, Newcastle Rugby and Morpeth Town FC plus a wide variety of SMEs in all sectors of the economy.
- several professional organisations in all sectors we deliver in including the Advanced Manufacturing Forum, Sport England, Hair and Beauty Industry Authority, CITB, Hospitality Awarding Body. We also work with closely with several awarding bodies including City and Guilds, Pearsons, OCR, NCFE, One Awards and CACHE. For Quality and Financial Assurance we conform to guidelines set by Ofsted, Office for Students, QAA, Institute for Apprenticeships, and the ESFA;
- we work in partnership with Connexions (North and South Tyneside) to provide support, advice and guidance to all secondary schools within the region. We provide support to year 10 and 11 students regarding our wide Further Education offer and we work with all local sixth forms to promote our Higher Education offer. We work with all special schools and all Local Authorities across the region to promote our Foundation Learning and SEND offer. We also work in collaboration through the Institute of Technology NE with our partners at New College Durham, Sunderland College, Middlesbrough College, East Durham College, Derwentside College, Newcastle University, Nissan, NA College and the ESH group. Our Higher Education is delivered in partnership with Sunderland University, CACHE and Pearson's. We work in partnerships with several other training providers to allow us to widen our offer and spread our reach. These include the Foundation of Light, Northumberland Fire and Rescue Service, the Engineers Academy, TRN (Train), Tyne North Training and Career College North East. We deliver employability programmes through ESF and Local Authority contracts and work closely with Job Centre Plus the wider college community.

The College recognises the importance of these relationships and engages in regular communication with them.

Public Benefit

Tyne Coast College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity are disclosed on pages 18 to 20.

Tyne Coast College

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

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education: Examples of where the College has added value include:

- Tyne Coast College (South Shields Marine School) has been awarded the Queen's Anniversary Prize for Higher and Further Education (2018-2020) for its work in digital modelling, advanced training for ports, waterway development and safe ship movements. This is the most prestigious award that an educational institution can receive. The award recognises outstanding work by colleges and universities which deliver real benefit to the wider world and public through education and training.
- Staff provide a specialist and cutting-edge curriculum for learners and apprentices studying maritime programmes
- The College has been re-awarded further funding following successful delivery and completion of a European Funded project 'Talent Match' working with a regional consortium to meet the needs of young adults through education, work experience and employment in North Tyneside
- Working closely with the Local Authority to develop digital strategy that will provide all adults with digital skills entitlement to improve local community digital competency
- Achieving 'Good' grade during Ofsted inspection in Oct 2019 inspectors reported that Senior Leaders and Governors have ensured that the college campuses continue to support their local community well and that learners flourish and that disadvantaged young people have a positive view of education and their future for the first time
- Outstanding Halls Ofsted Inspection, which commented on the guidance, support and care learners received from all levels of the organisation
- Relocation of the Motor Vehicle facilities to the South Tyneside Westoe campus to allow expansion of delivery and a better student experience for learners
- Championed positive mental health by embedding initiatives into College curriculum and employee wellbeing campaigns through staff and student training on emotional resilience, additional support from the College Counselling team, and increasing the number of Occupational Health Clinics. Thirteen mental health ambassadors appointed from the student population to support their peers
- The marine school has a truly multicultural student body. The international students bring a significant cultural diversity to both the College and the local community where they live
- The strong influx of learners from outside of the locale adds significantly to the local economy
- The College in partnership with Selby College and Itchin College has been awarded funding through the College Collaboration Fund (CCF) to design and develop materials for online learning in Health and Social Care
- The College has been successful in its partnership bid with Gateshead College to draw down funding to support the IT Bootcamp initiative
- As part of our involvement with the North East IoT we have been awarded additional funding for the development of Higher Technical Qualifications in Health and IT
- As part of its 42 Day process the dropout rate of 16-18 students has reduced to 4.4% thus ensuring more students are fully engaged in education and fewer students are NEET.

Tyne Coast College

DEVELOPMENT AND PERFORMANCE

Financial Results

The continued restrictions imposed by the Government upon colleges to help reduce the spread of Covid-19 had a significant impact upon the college's performance. Although the college developed a conservative curriculum plan to reflect the continuing health crisis, travel restrictions and the downturn in the domestic economy adversely impacted upon commercial fee income, with the impact being most notable within marine and engineering curriculum delivery. A consequential effect of this was also reductions in Halls of Residences and refectories income.

To mitigate the loss in income, the college identified pay and non-pay savings and utilised the Government furlough scheme to recover some costs in areas where delivery was restricted.

The College generated a deficit before other gains and losses in the year of £2,411,000 (2019/20 a deficit of £2,413,000). £2,410,000 of this loss (2019/20 £1,640,000) is due to a charge on the Tyne and Wear Local Government Pension Scheme.

A key measure of financial performance of the College used by management on a day-to-day basis is Earnings Before Interest, Tax, Depreciation and Amortisation – Education Specific (Adjusted EBITDA). Adjusted EBITDA is one of the financial performance indicators which the college regulator, The Education and Skills Funding Agency (ESFA) uses to assess college financial health.

Adjusted EBITDA is defined as profit before net charges for depreciation and costs linked to actuarial pension movements (which are both non-cash expenses) and also before bank interest received and paid. A full reconciliation is shown on the face of the Statement of Comprehensive Income.

The college has generated an Adjusted EBITDA in the year of £2,428,000 (2019/20 £1,852,000).

Cash Flows and Liquidity

At £2,822,000 (2019/20 £1,645,000) net cash flow from operating activities were strong. £1,771,000 of this cash inflow was used to purchase fixed assets (equipment purchases and building works). The increase in cash in the year was £661,000 and the college still has a strong cash position of £7,286,000.

As at the year ending 31 July 2021, the college had an outstanding loan balance of £2.4m with Santander. This was part of the financing strategy for the construction facility new build in 2018.

During the year, the college received £445,000 from the government's Job Retention Scheme to mitigate the reduction in income due to Covid-19.

Developments

Tangible fixed asset additions during the year were £1,771,000. The main additions are continued investment in the premises at all campuses, as well as IT and other equipment and furniture upgrades across all college sites.

Tyne Coast College

Reserves

The college has accumulated reserves of £14,590,000 and cash balances of £7,286,000 (2019/20 £5,274,000 and £6,625,000). The significant increase in accumulated reserves in the year is due to the annual Local Government Pension Scheme (LGPS) statement reducing the scheme deficit to £30,900,000 (2019/20 £40,330,000), partly offset by a £33,000 actuarial loss associated with the college's Enhanced Pension Provision. The college wishes to continue to accumulate reserves to create a contingency fund and to allow continued investment in the college premises.

Sources of Income

The college has significant reliance on the education funding bodies for its principal funding source. In 2020/21, the Education and Skills Funding Agency (ESFA) provided 52% (2019/20: 51%) of the college's total income.

FUTURE PROSPECTS

Financial Plan

The College's 2020/21 performance is strong despite the challenges associated with the college closure due to Covid-19. Income shortfalls for 2020/21 related primarily to the impact of Covid-19 within the Marine School commercial income. The college responded swiftly to these challenges to make savings and utilise available government support resulting in the college achieving an EBITDA above 7%. Whilst expected income has been factored into a robust Curriculum Planning process commercial income remains key risk areas in the next academic year.

The College governors approved a financial plan in July 2021, which sets objectives for the period to 2023. The key financial objectives are:

- Maintain an ESFA Financial Health rating of Good including an Adjusted Current Ratio of at least 1.5 to safeguard performance against future loan covenant requirements
- Maintain reduction in the level of ESFA subcontracted provision to no more than 5% of total income
- Preparation to ensure the level of AEB delivery through partnerships meets the 2022-23 guidance requirements
- Development of automated processes to improve efficiency and timeliness of management information
- Continued monitoring of the possible effect of Covid-19 regarding the college achieving the financial targets set in this budget.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions and the effective management of risks associated with those activities. The College has a treasury management policy.

All borrowing is authorised by the College Board of Governors. The need for borrowing considers the College's operating cash flow needs, investment plans and availability of credit.

Reserves Policy

The college has no formal reserves policy but recognises the importance of reserves in the financial stability of the College and ensures that there are adequate reserves to support the

Tyne Coast College

College's core activities and to meet the long-term cyclical needs of capital investment and any other unforeseen contingencies. The College Income and Expenditure reserve stands at £8,186,000 (2019/20 (£1,214,000)) due to the reduction in the LGPS pension deficit.

PRINCIPAL RISKS AND UNCERTAINTIES

The college 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 the college level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the college 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 college are outlined below along with the action taken to minimise them. Not all the factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

- **Competition and demographic changes**

Competition for student numbers within the region is a significant risk to the college, particularly with some local colleges having city centre locations and new buildings which can be attractive to learners. Effective transport links can make it easy for learners who live close to the college campuses to travel to alternative training providers.

Demographic changes mean that the number of 16–18-year-old learners is slowly starting to improve, however many local schools are delivering 16-18 education, making it difficult to attract some learners from these potential feeder schools.

This risk is mitigated by:

- Development of college 10-year estates strategy to address the condition of the college estate;
- continual review of the college offer to deliver provision which is relevant to the employment market;
- continuing to improve on college success rates and the quality of provision to attract learners to the college;
- Effective schools liaison with feeder schools and academies to promote the college offer to young people; and
- effective marketing strategies and targeted campaigns to promote the college and its curriculum offer locally, nationally and internationally.

Tyne Coast College

- **Covid-19**

The social interaction measures set out by the government could result in further restrictions on movement, leading to an inability of learners to physically attend College and consequently, an associated loss of income. This is particularly important with the Marine School.

This was mitigated by a robust Curriculum Plan for 20/21 which was reduced to allow for a reduction in commercial income particularly from the Marine Sector and Apprenticeships. Government guidance and briefings are regularly reviewed to ensure compliance is maintained and to access any appropriate support schemes. Investment in laptops ensures that all staff and learners were able to continue to work and learn remotely. Risk assessments were reviewed and processes put in place to protect staff and residents within the Halls of Residence.

- **Government funding**

Whilst the college is less reliant on government funding than much of the sector, government funding still accounts for just over half of the college's income.

This government funding is predominantly through the ESFA for its 16 to 19 Further Education provision, adult skills funding and apprenticeships (16 to 18 and adults).

An increasing element of the funding for general adult further education is received through tuition fees paid via the Student Loans Company (SLC) and most of the higher education funding is now also received through tuition fees paid via the SLC. The remaining funding from the Office for Students (OfS) largely relates to widening participation and targeted allocations.

There is no assurance that government policy or practice will remain the same or that public funding will continue at the same level or on the same terms, particularly when considering that the government will have to identify ways of reducing government borrowing post Covid-19.

The College submitted a financial health calculator to the ESFA covering the period to July 2023 and, within that plan, identified potential reductions in funding and the counter measures by which the College will ensure that it remains financially viable. This will involve a combination of cost efficiencies and conservative growth in commercial income sources as the economy starts to recover post Covid-19.

This College will continue to mitigate against potential loss of income by:

- ensuring that the College continues to deliver high quality education and training;
- maintaining and managing key relationships with funding bodies;
- taking the appropriate action to maintain its good financial health; and
- continuing to develop remote education and training to reduce the impact of the government's Covid-19 restrictions on course delivery.

Tyne Coast College

- **External Factors**

There are several external factors which are outside the control of the college which could impact on the college's financial health and stakeholder obligations, including changes in government policy, which could cause a decline in income and consequently require the college to review its cost base;

This risk is mitigated by the college having a robust Curriculum Planning process which considers future levels of government funding and is aligned to meet emerging government and employer priorities;

KEY PERFORMANCE INDICATORS

The college set several financial indicators as part of its budget setting for 2020/21. All the objectives were met and are outlined below:

- Maintain an ESFA Financial Health rating of Good including an Adjusted Current Ratio of at least 1.4 to safeguard performance against future loan covenant requirements
- Maintain reduction in the level of ESFA subcontracted provision to no more than 5% of total income
- Review and revise the year end statutory accounts process to ensure an earlier completion of the statutory accounts
- Continued monitoring of the possible effect of Covid-19 regarding the college achieving the financial targets set in this budget.

The College had a full OFSTED inspection in October 2019 and was awarded a rating of "Good" following this inspection.

Student Numbers

In 2020/21, the College has delivered activity that has produced £17,964,000 in main FE allocation funding (2019/20: £16,254,000).

The college enrolled approximately 10,700 students in 2020/21. The college's student population includes 200 school age pupils; 2,600 16–18-year-old students; 600 apprentices, 1,000 higher education students, 750 international students and 5,500 adult learners.

Student Achievements

Overall success rates in 2020/21 are 91% (2019/20 94%).

Payment Performance

The College endeavours to pay all validated invoices within 30 days of the invoice date unless different terms have been agreed with the supplier.

OTHER INFORMATION

Equality and Diversity

The College values and recognises the social and cultural diversity in which it operates and seeks to promote equality and respect the dignity of all staff and those individuals to whom it provides services. The College aims to provide conditions which encourage everyone to participate in learning and actively combat harassment. The College has a fundamental belief

Tyne Coast College

in the right of everyone to be treated with dignity and respect, regardless of age, disability/learning difficulties, ethnic origin, gender, marital/civil partnership status or domestic responsibilities, religion or belief, sexual orientation, socio economic background, transgender, or health (including mental health).

The College's Equality and Diversity Policy is published on the College's Intranet site.

The College produces an Annual Equality and Diversity Report to ensure compliance with all relevant legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and updates them as policies are amended.

All new staff receive Equality and Diversity training as part of their induction programme and refresher training is carried out regularly.

The College welcomes applications from people with disabilities. Where an existing employee becomes disabled, every effort is made to ensure that employment within the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are identical to those for other employees.

Disability Statement

The College Disability Equality Policy seeks to achieve the objectives set down in the Equality Act 2010. The College publishes a Disability Statement annually entitled "A Guide to Access". The statement provides information to organisations, individual enquirers, students and staff about the range of support services and facilities currently available in the College and also includes details of how to access those services. The guide is printed in standard and large print formats and can be made available in Braille and audio formats on request.

- The College continues to make reasonable adjustments to existing accommodation and to improve access as part of the College refurbishment programme;
- The College has Additional Learning Support Co-ordinators, who provide information, advice and arrange support where necessary for students with learning difficulties and disabilities;
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available;
- The admissions policy for all students is published on the intranet. A decision not to offer a place is dealt with under this policy;
- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are several learner support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published;
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction; and

Tyne Coast College

- The College has invested significantly in improving its facilities for Learners with Learning Difficulties and Disabilities.

Trade union facility time

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

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
12	11.41

Percentage of time	Number of employees
0%	
1-50%	12
51-99%	
100%	

Total cost of facility time	£19,818
Total pay bill	£19,057,131
Percentage of total bill spent on facility time	0.00104%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
---	------

Going Concern

After reviewing its forecasts and projections, the governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College therefore continues to adopt the going concern basis in preparing its financial statements.

Further details relating to the impact of Covid-19 and bank loan covenants can be found in note 1 of these financial statements, however there are no issues which would adversely affect the opinion that the college can continue as a going concern.

Events after the end of the reporting year

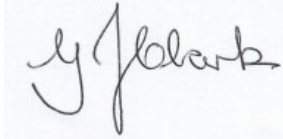
There were no events after the end of the reporting year.

Tyne Coast College

Disclosure of Information to Auditor

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Board on 15 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G Clark', is written on a light-colored rectangular background.

G Clark
Chair

Tyne Coast College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- 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 College complies with the provisions of the Code and it has complied throughout the year ended 31st July 2021. The Board of Governors recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes account of Code of Good Governance for English Colleges issued by the Association of colleges in March 2015, which it formally adopted on 8 July 2015.

The Board of Governors

The members who served on the Board of Governors (the Board) during the year and up to the date of signature of this report were as listed below:

Name	Date of Appointment(s)	Terms of Office	Date of Resignation/ End of Office	Status	Committees Served (up to 31.07.2021)	Full Board Attendance (up to 31.07.2021)
Mrs S Alexander	1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31.7.2023		College Governor	Audit Quality, Curriculum and Standards	50%
Mr D Byrne	17 Oct 2011 17 Oct 2012 17 Oct 2016 extended term	Until 16.10.2021		College Governor	Business Development	33%
Mr G Clark	9 July 2014 9 July 2015 1 Aug 2017 18 Dec 2019 1 April 2020 14 July 2021 (extended term)	9.7.2014 - 28.1.2019 Until 8.7.2025		College Governor	Audit QA Sixth Form College Performance Review	100%
Dr G Cruickshank	1 Aug 2017	31.7.2021		College Governor	Performance Review Business Development	67%
Mr B Garner	1 Aug 2017 1 April 2020 (extended term)	Until 31.7.2023	10.8.2020	College Governor		
Dr M Grady	1 Nov 2015 1 Nov 2016 1 Aug 2017 1 April 2020	Until 31.10.2026		College Governor	Finance & Resources Quality, Curriculum and Standards	100%

Tyne Coast College

	14 July 2021 (extended term)				Dr Winterbottom Charitable Trust Performance Review	
Prof G Holmes	1 Aug 2017 8 July 2020 (extended term)	Until 31.7.2021		College Governor	Business Development Quality, Curriculum and Standards Governance & Search	100%
Mr M Hottass	1 Aug 2017	Until 21.3.2025		College Governor	Finance & Resources	67%
Mr M Overton	1 Nov 2014 1 Nov 2015 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31.7.2025		College Governor	Audit Governance & Search Performance Review	50%
Mr C Seccombe MBE	1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 31.7.2022		College Governor	Governance & Search Finance & Resources Dr Winterbottom Charitable Trust Quality, Curriculum and Standards	83%
Mr I Pippin	15 Oct 2020	Until 14.10. 2024		Staff Governor	Governance & Search	80%
Ms Donya Urwin	1 Jan 2020 16 Dec 2020 14 July 2021 (extended term)	31 December 2029		College Governor	Finance & Resources	83%
Mr A Walton	24 March 2016 24 March 2017 1 Aug 2017 1 April 2020 14 July 2021 (extended term)	Until 23.3.2027		College Governor	Finance & Resources Business Development QA Sixth Form College	50%
Mrs Jacqueline Watson	1 Jan 2020 16 Dec 2020 14 July 2021 (extended term)	31 December 2029		College Governor	Quality, Curriculum and Standards Audit	100%
Mr A Watts	17 Oct 2011 17 Oct 2012 17 Oct 2016 extended term 1 April 2020 14 July 2021 (extended term)	Until 16.10.2022		College Governor	Business Development	100%
Mrs S Wear	23 Oct 2013 23 Oct 2014 23 Oct 2017 1 April 2020 (extended term)	Until 22.10.2022		College Governor	Quality, Curriculum and Standards Audit	50%
Dr L Whiterod CBE	Oct 2009	Whilst employed as Chief Executive		Chief Executive	Finance & Resources Governance & Search Business Development	100%

Tyne Coast College

Ms Wendy Starks	31 Mar 2021	30 March 2022		College Governor		100%
-----------------	-------------	---------------	--	------------------	--	------

Mr N Longstaff (Director of Governance) acts as Clerk to the Board of Governors.

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

The Board is provided with regular and timely information at each meeting on the overall financial performance of the College together with information on performance against funding targets, proposed capital expenditure, quality matters and human resource matters such as health and safety and environmental issues. The full Board is scheduled to meet four times per year but during 2020/21 it met on six occasions.

The Board conducts its business through a number of committees. Each committee has a terms of reference, composition and membership which have been approved by the Board. These Committees for 2020/21 were Audit, Governance and Search, Finance & Resources, Business Development, Performance Appraisal and Review, and Quality, Curriculum and Standards. Business, Community and Stakeholder Groups (BCSG) are established for South Tyneside College (Professional & Vocational), South Shields Marine School and Tyne Metropolitan College. Several working groups are also in place. In addition, the Board has joint committees established these being Career College North East Board and Queen Alexandra Sixth Form College Committee. Full minutes of all meetings, except those deemed to be confidential by the Board are posted to the website or available from the Director of Governance, Tyne Coast College (South Tyneside College site), St. George's Avenue, South Shields, NE34 6ET.

The composition of each BCSG includes College Governors, representatives from the local community, employers, staff and students.

All meetings of the Board and its Committees have been held via Microsoft TEAMS.

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Director of Governance, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Director of Governance are matters for the Board as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board and Committee meetings. Briefings are also provided on an ad-hoc basis.

The Board has an independent non-executive element and no individual or group dominates its decision making process. The Board 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 judgment.

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

Tyne Coast College

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Governance and Search Committee comprised of a minimum of 5 members, which is responsible for the selection and nomination of new members and for re-appointment of existing members for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided, as required.

With the exception of the Chief Executive, Members of the Board are usually appointed for a term of office not exceeding 4 years with a maximum length of office in total of 8 years. However, those appointed to the Board as a direct result of the merger were given fixed terms and have since, in most cases, been extended further in light of the exceptional two academic years caused by Covid-19 with governors unable to experience the full governor role during their current term but also to retain essential skills. The Chief Executive serves as a governor whilst in post.

Board Performance

The Board has a comprehensive self-assessment strategy on the effectiveness of its performance, both as a collective and individually. To that end:

- All governors annually complete a review and development form and forward this to the Chair, in advance of a meeting with the Chair, at which they discuss and assess their individual performance.
- The performance of the Chair is reviewed annually. Questionnaire responses are forwarded by governors and by Senior Post Holders, to the Director of Governance. The Director of Governance leads on the review outcomes and provides a summary report to the Board on the outcome of the review.
- The performance of the Board is assessed annually. The Director of Governance leads the review on behalf of the Chair, with individually completed questionnaires returned to the Director of Governance, who provides a summary paper for the Board.
- The Committees each review their performance annually against their terms of reference, reporting on the outcomes of the assessment and making any arising recommendations on changes to their terms of reference to the Board.
- The Audit Committee reviews the performance of internal and external auditors annually and make any arising recommendations to the Board.
- An annual reassessment of skills and experience is undertaken and the outcomes made available to the Governance and Search Committee in their standing item review of board membership and composition.
- Comply or Explain Statements are made against the Governance Code.
- The Clerk to the Board annually reviews (or sooner if required, e.g. due to legislative changes) the Board's Instrument and Articles and supporting bye-laws, policies and code of conduct.

In addition to the above the performance of the Chief Executive and Senior Post Holders is reviewed by the Performance Review and Appraisal Committee at least annually and reported to the Board.

Performance Appraisal and Review Committee

Throughout the year ended 31 July 2021 the College's Performance Appraisal and Review Committee comprised of at least 3 members and included representation from Tyne Coast Academy Trust Board. The Committee's responsibilities are to review the performance of the Chief Executive and Senior Post Holders and report their findings to the Finance and Resources

Tyne Coast College

Committee, who in turn take this into consideration when making recommendations to the Board on remuneration and benefits.

Details of senior post-holders remuneration for the year ended 31 July 2021 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises a minimum of 5 members of the Board (excluding the Chief Executive and Chair). The Committee operates in accordance with written terms of reference approved by the Board.

The Committee is scheduled to meet three times per year and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the education funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Committee also advises the Board on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Board.

During 2020/21 the Audit Committee met on four occasions and the attendance of members of the committee is as follows:

	06/10/20	20/01/21	03/03/21	23/06/21
George Clark	✓	✓	✓	A
Jacqueline Watson	✓	✓	✓	✓
Susan Wear	N/A	✓	✓	✓
Mark Overton	A	A	A	A
Sheila Alexander	✓	A	A	✓

One member was absent due to poor health and another owing to work with the NHS supporting the roll out of the Covid vaccine.

Internal Control

Scope of responsibility

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

The Board has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the

Tyne Coast College

College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Tyne Coast College and the funding bodies. She is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

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 Board;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- budgets delegated to Schools and Departments;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The College 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 College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the audit committee. At a minimum annually, the Head of Internal Audit ("HIA") provides the Board with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the college

Risk registers are maintained at both a strategic and operational level. These registers identify key risks using the methodology noted in the strategic report. The strategic risk register is

Tyne Coast College

reviewed at least annually by the audit committee and the operational registers are reviewed in termly performance monitoring meetings.

Control weaknesses identified

The college is responsible for ensuring compliance with Funding Rules that form part of the terms and conditions of the funding agreement with the Education and Skills Funding Agency (ESFA) for Apprenticeship Funding. The internal auditors made some recommendations which the college has accepted.

Responsibilities under funding agreements

The college has met its contractual responsibilities under its funding agreements and contracts with ESFA.

Statement from the audit committee

The audit committee has advised the board that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2020/21 and up to the date of the approval of the financial statements are:

- Governance Framework - High Level Review of Selected OfS Requirements;
- Coronavirus briefing – Client update;
- Health and Safety;
- Marine School Report;
- Additional Subcontractor Review Report;
- Follow Up of Previous Internal Audit Management Actions; and
- Apprenticeship Funding Compliance Report.

Recommendations were provided within the internal audit reports for these areas with which the college have agreed. For the 12 months ended 31 July 2021, the Internal Audit opinion in the annual review report stated that “the college has an adequate and effective framework for risk management, governance and internal control”.

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. Her 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 College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College’s financial statements auditors, the reporting accountant for regularity assurance and the appointed funding auditors in their management letters and other reports.

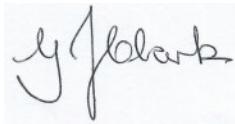
The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous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

Tyne Coast College

The senior executive group 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 executive group and the Audit Committee also receive regular reports from internal audit, 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 Board's meeting papers include regular consideration of risk and control and receive reports thereon from the senior management and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Board carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2021.

Based on the advice of the Audit Committee and the Chief Executive, the Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Approved by order of the members of the Board on 15 December 2021 and signed on its behalf by:



G Clark
Chair



L. Whiterod CBE
Chief Executive

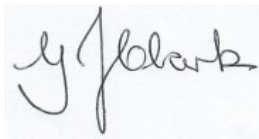
Tyne Coast College

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

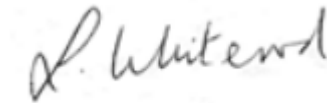
The Board has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

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

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



G Clark
Chair of Governors
15 December 2021



L. Whiterod CBE
Chief Executive & Accounting Officer
15 December 2021

Tyne Coast College

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF GOVERNORS

The members of the Board of Governors is required to present audited financial statements for each financial year.

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA and other relevant funding bodies, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

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

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

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

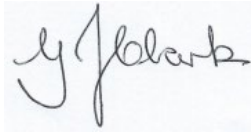
The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher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

The maintenance and integrity of the College website is the responsibility of the Board; 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.

The Board are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, it is responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. The Board 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 Board are responsible for securing economical, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Tyne Coast College

Approved by order of the members of the Governing Body on 15 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G Clark', is shown within a light blue rectangular box.

.....
G Clark
Chair

Tyne Coast College

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF TYNE COAST COLLEGE

Opinion

We have audited the financial statements of Tyne Coast College (the 'College') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its deficit of expenditure over income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Board of Governor's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Board of Governors with respect to going concern are described in the relevant sections of this report.

Tyne Coast College

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Board of Governors set out on page 27, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors is responsible for assessing 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 College or to cease operations, or have no realistic alternative but to do so.

Tyne Coast College

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 based on the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the ESFA funding agreements, the OFS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the Members of the Board of Governors and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Members of the Board of Governors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

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

- Making enquiries of the Members of the Board of Governors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Tyne Coast College

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.

Use of the audit report

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


David Hoose (Dec 17, 2021 11:57 GMT)

Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date: Dec 17, 2021

Tyne Coast College

TO THE BOARD OF TYNE COAST COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (ESFA)

Reporting Accountant's Assurance Report on Regularity

In accordance with the terms of our engagement letter dated 3 September 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Tyne Coast College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the 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. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the corporation of Tyne Coast College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of Tyne Coast College and 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 Board of Tyne Coast College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Tyne Coast College and the reporting accountant

The corporation of Tyne Coast College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

Tyne Coast College

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Signed:


David Hoose (Dec 17, 2021 11:57 GMT)

Mazars LLP

Date: Dec 17, 2021

Tyne Coast College

Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
INCOME			
Funding body grants	2	20,363	18,422
Tuition fees and education contracts	3	11,978	12,634
Other income	4	2,392	3,635
Investment income	5	8	8
		34,741	34,699
EXPENDITURE			
Staff costs	6	23,261	23,223
Restructuring costs	6	208	421
Other operating expenses	7	10,277	9,880
Depreciation	10	2,798	3,042
Interest and other finance costs	8	608	546
		37,152	37,112
Total expenditure		37,152	37,112
		(2,411)	(2,413)
Deficit before other gains and losses		(2,411)	(2,413)
Analysed as:			
Operating (deficit) / surplus after exceptional items		(2,411)	(2,413)
LGPS actuarial pension adjustment	22	1,860	1,180
LGPS pension finance costs	8	550	460
Capital Grants released in year	2, 4	(419)	(495)
Depreciation charge for the year	10	2,798	3,042
Interest received in year	5	(8)	(8)
Interest paid in year	8	58	86
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation - Education Specific		2,428	1,852
Loss on disposal of assets		-	-
		(2,411)	(2,413)
Deficit for the year		(2,411)	(2,413)
Actuarial loss in respect of Local Government Pension Scheme	22	11,760	(15,990)
Actuarial loss in respect of EPP	15	(33)	(122)
		9,316	(18,525)
Total Comprehensive Income for the year		9,316	(18,525)

All items of income and expenditure relate to continuing activities.

Tyne Coast College

Statement of Changes in Reserves

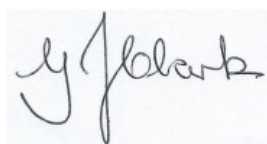
	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
College			
Balance at 1st August 2019	17,227	6,572	23,799
Deficit from the income and expenditure account	(2,413)	-	(2,413)
Other comprehensive income	(15,990)	-	(15,990)
Actuarial loss on enhanced pension scheme	(122)	-	(122)
Transfers between revaluation and income and expenditure reserves	84	(84)	-
Total comprehensive income for the year	(18,441)	(84)	(18,525)
Balance at 31st July 2020	(1,214)	6,488	5,274
Deficit from the income and expenditure account	(2,411)	-	(2,411)
Other comprehensive income	11,760	-	11,760
Actuarial loss on enhanced pension scheme	(33)	-	(33)
Transfers between revaluation and income and expenditure reserves	84	(84)	-
Total comprehensive income for the year	9,400	(84)	9,316
Balance at 31st July 2021	8,186	6,404	14,590

Tyne Coast College


Balance sheet as at 31 July 2021

	Notes	2021 £'000	2020 £'000
Non current assets			
Tangible fixed assets	10	52,146	53,173
Heritage assets	10	324	324
		52,470	53,497
Current assets			
Trade and other receivables	11	4,386	3,021
Cash and cash equivalents	16	7,286	6,625
		11,672	9,646
Less: Creditors – amounts falling due within one year	12	(8,857)	(8,248)
Net current assets		2,815	1,398
Total assets less current liabilities		55,285	54,895
Less: Creditors – amounts falling due after more than one year	13	(8,500)	(8,026)
Provisions			
Defined benefit obligations	15	(30,980)	(40,330)
Other provisions	15	(1,215)	(1,265)
Total net assets		14,590	5,274
Unrestricted reserves			
Income and expenditure account		8,186	(1,214)
Revaluation reserve		6,404	6,488
Total unrestricted reserves		14,590	5,274

The financial statements on pages 35 to 60 were approved and authorised for issue by the Corporation on 15 December 2021 and were signed on its behalf on that date by:



G Clark
Chair



Dr L Whiterod CBE
Accounting Officer

Tyne Coast College

Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash inflows from operating activities			
Deficit for the year		(2,411)	(2,413)
Adjustment for non cash items:			
Depreciation	10	2,798	3,042
(Increase) / Decrease in debtors	11	(1,365)	222
Increase in creditors due within one year		543	83
Decrease in creditors due after one year		(501)	(318)
Decrease in provisions	15	(17)	(689)
Pensions costs less contributions payable		2,410	1,640
Adjustment for investing or financing activities:			
Investment income	5	(8)	(8)
Interest payable	5	58	86
Loss on disposal of fixed assets		-	-
		<u>1,507</u>	<u>1,645</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Investment income	5	8	8
Government capital grants received		1,315	-
Payments made to acquire fixed assets	10	(1,771)	(541)
		<u>(448)</u>	<u>(533)</u>
Cash flows from financing activities			
Interest paid	8	(58)	(86)
Repayments of amounts borrowed	14	(340)	(286)
		<u>(398)</u>	<u>(372)</u>
Increase in cash and cash equivalents in the year			
		<u>661</u>	<u>740</u>
Cash and cash equivalents at beginning of the year	16	6,625	5,885
Cash and cash equivalents at end of the year	16	7,286	6,625

Tyne Coast College

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021

1. Statement of principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the College financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The functional and presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

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 presented in the Financial Statements and accompanying Notes.

The College has a £2.4M loan outstanding with Santander on terms negotiated in 2018 for a new building on the Tyne Metropolitan campus with all funds secured on the Marine Offshore and Safety Training Centre. The terms of this agreement is 10 years. One of the original loan covenants was that the College maintained net assets (including pension) shall not be less than £13,000,000 at any time, however Santander has confirmed in writing that this covenant has been removed from the loan agreement.

The college's forecasts and financial projections indicate that it will be able to operate within the remaining covenants for the foreseeable future.

The college has prepared financial and cash flow forecasts up to July 2023 which will show it has sufficient resources to meet its liabilities as they fall due.

In its planning processes, the college has recognised the challenges associated with Covid-19 and as a result modified its structures to reduce its cost base to reflect a significant reduction in income relative to pre Covid-19.

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.

Tyne Coast College

1. Statement of principal accounting policies (continued)

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 income stream involved. Any under achievement for the Adult

Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income and Expenditure.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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 model as permitted by FRS 102.

Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee Income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment Income

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

Tyne Coast College

1. Statement of principal accounting policies (continued)

pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries based on valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Tyne and Wear Local Government Pension Scheme (LGPS)

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

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

Actuarial gains and losses are recognised immediately in other comprehensive income.

Short term Employment Benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay because 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 balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured based on deemed cost, being the revalued amount at the date of that revaluation.

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

Tyne Coast College

1. Statement of principal accounting policies (continued)

Land and Buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Roofing 2 to 20 years
- Refurbishment of existing buildings 15 to 50 years
- New Buildings 50 years
- Purchased buildings Assessment of economic life up to 50 years

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

Freehold buildings are depreciated over their expected useful economic life to the College of between 2 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 15 and 50 years.

Where land and buildings are acquired with the aid of specific government grants, they 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 buildings, which were revalued in 1992 as deemed cost. The college will develop a revaluation policy after the outcome of its capital funding bids is known.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31st 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 after initial purchase it is charged to 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 £1,000 is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated on a straight-line basis over its useful economic life as follows:

Vehicles	5 years
Computing Equipment	2 - 10 years
Marine Simulation Unit	up to 15 years
Other Equipment	up to 10 years

Tyne Coast College

1. Statement of principal accounting policies (continued)

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 Statement of Comprehensive Income and Expenditure.

Heritage Assets

The College has several historical artefacts and these are included at valuation. Professional valuations are carried out every 5 years with changes in value being charged to the revaluation reserve. The College does not depreciate these assets due to their nature.

The assets consist of a variety of objects of interest left to the College including paintings, maritime instruments (including telescopes, globes, sextants etc.), models of ships, trophies, technical books and documents. These assets have been donated to the College who maintain them and many of which are used for display purposes around the College. The College uses these as part of a permanent collection and does not hold them for trading purposes.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income in the period it is incurred.

Foreign Currency Translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a small percentage of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in

Tyne Coast College

1. Statement of principal accounting policies (continued)

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.

Cash and Cash Equivalents

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

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

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the College 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.

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 statement of comprehensive income 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.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds and Bursaries. 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 transaction.

Tyne Coast College

1. Statement of principal accounting policies (continued)

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on several 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 22, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tyne Coast College

2 Funding body grants

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Recurrent grants		
Education and Skills Funding Agency - Adult	2,357	3,565
Devolved - Adult (North of Tyne Combined Authority)	1,354	-
Education and Skills Funding Agency - 16-18	13,376	12,181
Education and Skills Funding Agency - 14-16	877	508
Office for Students	825	800
Specific Grants		
Education and Skills Funding Agency - 16-18	541	469
Teachers Pension Scheme Contribution Grant	675	610
Education and Skills Funding Agency - Covid-19 testing	75	-
Releases of government capital grants	215	215
Release of HE capital Grant	68	74
Total	20,363	18,422

3 Tuition fees and education contracts

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Adult education fees	3,080	3,704
Apprenticeship fees and contracts	7	98
Fees for FE loan supported courses	2,294	2,417
Fees for HE loan supported courses	2,376	2,535
International students fees	2,377	2,106
Total tuition fees	10,134	10,860
Education contracts	1,844	1,774
Total	11,978	12,634

Sources of Office for Students grant and fee income	Note	2021 £'000	2020 £'000
Grant Income from Office for Students	2	893	874
Grant income from other bodies	2	19,180	17,333
Fee income for taught awards	3	2,376	2,535
Fee income for non-qualifying courses	3	9,602	10,099
Total grant and fee income		32,051	30,841

Tyne Coast College

Notes to the Accounts (continued)

4 Other income

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Catering and residences	411	787
Other income generating activities	25	163
Non funding body government capital grants	136	206
Coronavirus Job Retention Scheme Grant	445	1,202
Miscellaneous income	1,375	1,277
	2,392	3,635
Total	2,392	3,635

The college furloughed teaching and non-teaching staff under the government's Coronavirus Job Retention Scheme. The funding received of £445,000 (2020: £1,202,000) relates to staff costs which are included within note 6.

5 Investment income

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Other investment income	8	8
	8	8
Total	8	8

Tyne Coast College

Notes to the Accounts (continued)

6 Staff costs

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

	2021 No.	2020 No.
Teaching staff	220	240
Non teaching staff	310	328
	530	568

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	14,444	14,636
Social security costs	1,302	1,340
Other pension costs (note 22)	4,800	4,474
Payroll sub total	20,546	20,450
Contracted out staffing services	2,715	2,773
	23,261	23,223
Restructuring costs - contractual	208	421
	23,469	23,644

The College currently operates 2 childcare voucher salary sacrifice schemes, one for Tyne Metropolitan College which transferred over during merger and one for Tyne Coast College staff. Only staff who were in the childcare scheme prior to 4 October 2018 can continue to participate in the scheme. There are currently 4 staff in the Tyne Coast scheme and 1 member of staff in the Tyne Metropolitan College scheme. The maximum childcare vouchers staff can claim is dependent on salary, with staff earning £50,000 or less able to claim a maximum of £243 per month and Staff earning £50,001 or more able to claim a maximum of £124 per month. The college has 4 members in the less than £50,000 bracket and 1 in the above £50,001 bracket participating in these schemes at a maximum cost of £7,043.32.

Included in the 2021 figures is a £1,860,000 (2020: £1,180,000) LGPS pension charge relating to the July 2021 scheme valuation. This charge has arisen due to the insolvency regime, a reduced discount rate included in the scheme valuation and the McCloud judgement which have both adversely affected the value of the pension scheme liability.

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 Executive Group which comprises the Chief Executive, Chief Finance Officer, 2 Principals and 1 Director. 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.

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	5	8
	5	8

Tyne Coast College

Notes to the Accounts (continued)

6 Staff costs (continued)

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

	Key management personnel		Other staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£15,001 to £20,000	-	1	-	-
£20,001 to £25,000	-	1	-	-
£55,001 to £60,000	-	1	-	-
£60,001 to £65,000	-	1	4	1
£65,001 to £70,000	1	-	1	-
£80,001 to £85,000	1	1	-	-
£85,001 to £90,000	1	-	-	-
£95,001 to £100,000	-	1	-	-
£110,001 to £115,000	-	1	-	-
£120,001 to £125,000	1	-	-	-
£230,001 to £235,000	-	1	-	-
£235,001 to £240,000	1	-	-	-
	<u>5</u>	<u>8</u>	<u>5</u>	<u>1</u>

Key management personnel emoluments are made up as follows:

	2021 £'000	2020 £'000
Salaries	597	676
Benefits in kind	3	3
	<u>600</u>	<u>679</u>
Pension contributions	82	84
Total key management personnel compensation	<u>682</u>	<u>763</u>

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

	2021 £'000	2020 £'000
Salaries	237	231
Benefits in kind	-	-
	<u>237</u>	<u>231</u>
Pension contributions	-	-

The Board has adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. The remuneration package of Key management staff, including the Chief Executive, is subject to annual review by the Finance and Staffing Committee of the Board who use benchmarking information to provide objective guidance. The Chief Executive reports to the Performance Appraisal and Review Sub-Committee, which undertakes an annual review of her performance against her key strategic objectives.

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

	2021	2020
Chief Executive's basic salary as a multiple of the median of all staff	8.52	8.66
Chief Executive's total remuneration as a multiple of the median of all staff	6.99	7.29

Tyne Coast College

Notes to the Accounts (continued)

6 Staff costs (continued)

Compensation for loss of office paid to former key management personnel:

	2021	2020
	£	£
Compensation paid to the former post-holder - contractual	-	-

No severance payments to key personnel were made in the year (2020: £nil).

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

7 Other operating expenses

	2021	2020
	£'000	£'000
Teaching costs	4,631	4,424
Non teaching costs	3,183	3,247
Premises costs	2,463	2,209
Total	10,277	9,880

Other operating expenses include:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	50	46
Internal audit	31	32
Other services provided by the internal auditors	10	3
Hire of assets under operating leases	726	722

8 Interest payable

	2021	2020
	£'000	£'000
On bank loan	58	86
Pension finance costs (note 22)	550	460
Total	608	546

9 Taxation

The members do not believe that the College was liable for any corporation tax arising out of its activities during the year.

Tyne Coast College

Notes to the Accounts (continued)

10 Tangible fixed assets

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or deemed cost			
At 1 August 2020	76,474	12,500	88,974
Assets acquired on combination with Tyne Metropolitan College			-
Additions	803	968	1,771
Disposals	-	-	-
At 31 July 2021	77,277	13,468	90,745
Depreciation			
At 1 August 2020	27,307	8,494	35,801
Charge for the year	1,785	1,013	2,798
Elimination in respect of disposals	-	-	-
At 31 July 2021	29,092	9,507	38,599
Net book value at 31 July 2021	48,185	3,961	52,146
Net book value at 31 July 2020	49,167	4,006	53,173

Tangible fixed assets - heritage assets

The College owns a wide variety of heritage assets, many of which are associated with the College's marine history. Some of these heritage assets are antiques which were previously used in teaching and some of these assets have been donated by sponsors. Examples of heritage assets owned by the college include paintings, display models of ships and navigational equipment. These assets are on display across the College and are the responsibility of the Principal - South Shields Marine School.

Cost or valuation	£'000
1 August 2020	324
31 July 2021	324

The college's external valuer, Anderson & Garland, carried out a full revaluation of the college's heritage assets as at 31 July 2016. The College does not believe that there has been any material change in the value of these assets since the last revaluation.

Tyne Coast College

Notes to the Accounts (continued)

11 Trade and other receivables

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,301	2,064
Prepayments and accrued income	2,085	957
Total	4,386	3,021

12 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Bank loans	340	340
Trade creditors	940	738
Payments received in advance	3,073	2,817
Holiday pay accrual	679	667
Other taxation and social security	442	303
Accruals and deferred income	2,582	2,744
Deferred income - government capital grants	455	373
Amounts owed to the Education and Skills Funding Agency	346	266
Total	8,857	8,248

13 Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Bank loans	2,037	2,377
Deferred income - government capital grants	6,463	5,649
Total	8,500	8,026

14 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2021	2020
	£'000	£'000
In one year or less	340	340
Between one and two years	340	340
Between two and five years	1,020	1,020
In five years or more	677	1,017
Total	2,377	2,717

The College has 7 years remaining on a 10 year loan with Santander, which repayable by instalments at an interest rate of LIBOR + 2.25%. The loan is secured on the College's Marine Offshore Safety Training premises and as at 31 July 2021, the outstanding loan balance is £2,377,000.

Tyne Coast College

Notes to the Accounts (continued)

15 Provisions

	Defined benefit obligations £'000	Enhanced Pensions £'000	Total £'000
At 1 August 2020	40,330	1,265	41,595
Expenditure in the period			
Expenditure in the year	(1,210)		(1,210)
Charge in the year	(8,140)	(17)	(8,157)
Enhanced Pension Provision actuarial loss in year	-	(33)	(33)
At 31 July 2021	<u>30,980</u>	<u>1,215</u>	<u>32,195</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 22.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.60%	2.20%
Interest rate	1.60%	1.30%

16 Analysis of changes in net debt

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	6,625	661	7,286
Bank Loans - long term	(2,717)	340	(2,377)
Total	<u>3,908</u>	<u>1,001</u>	<u>4,909</u>

17 Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	<u>-</u>	<u>-</u>

Tyne Coast College

Notes to the Accounts (continued)

18 Financial instruments

	2021 £'000	2020 £'000
<i>Financial assets measured at amortised cost</i>		
Trade debtors	2,301	2,064
	2,301	2,064
	2021 £'000	2020 £'000
<i>Financial liabilities measured at amortised cost</i>		
Bank loan	2,377	2,717
Trade creditors	940	738
Amounts owed to the Education and Skills Funding Agency	346	266
	3,663	3,721

19 Lease Obligations

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

	2021 £'000	2020 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	3	3
Later than one year and not later than five years	11	11
later than five years	64	66
	78	80
Other		
Not later than one year	731	836
Later than one year and not later than five years	2,341	2,431
	3,072	3,267

20 Contingent liabilities

The College provided a guarantee to its pension actuaries in respect of its cleaning contractor's participation in the fund. The cleaning contractor exited the fund with effect from 31 March 2017 and an exit liability of £80,500 has been calculated by the actuaries. The LGPS have negotiated with the cleaning contractor who appear to have agreed to settle this liability; however the college is awaiting official confirmation of this agreement.

21 Events after the reporting period

There are no events after the reporting period.

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations

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

Total pension cost for the year	2021	2020
	£'000	£'000
Teachers Pension Scheme: contributions paid	1,642	1,713
Local Government Pension Scheme:		
Contributions paid	1,325	1,556
FRS 102 (28) charge	1,860	1,180
Charge to the Statement of Comprehensive Income	3,185	2,736
Enhanced pension charge to Statement of Comprehensive Income	17	25
Total Pension Cost for Year within staff costs	4,844	4,474

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £398,000 (2020: £317,000) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,642,000 (2020: £1,713,000)

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by South Tyneside Local Authority. The total contribution made for the year ended 31 July 2021 was £1,691,374, of which employer's contributions totalled £1,324,512 and employees' contributions totalled £366,862. The agreed contribution rates for future years are 21.9% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

Principal Actuarial Assumptions

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	4.10%	3.80%
Future pensions increases	2.60%	2.30%
Discount rate for scheme liabilities	1.70%	1.40%
Pension accounts revaluation rate	2.60%	2.30%
Inflation assumption (CPI)	2.60%	2.30%

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 2021	At 31 July 2020
	years	years
<i>Retiring today</i>		
Males	21.90	21.80
Females	25.10	25.00
<i>Retiring in 20 years</i>		
Males	23.60	23.50
Females	26.90	26.80

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

The fair value of the plan assets and the return on those assets were as follows:

	Asset allocation at 31 July 2021	Fair Value at 31 July 2021	Asset allocation at 31 July 2020	Fair Value at 31 July 2020
		£'000		£'000
Equities	56.30%	38,571	53.50%	30,902
Government Bonds	2.00%	1,370	2.40%	1,386
Corporate Bonds	19.60%	13,428	22.90%	13,227
Property	7.90%	5,412	9.20%	5,314
Cash	4.00%	2,740	1.90%	1,097
Other	10.20%	6,989	10.10%	5,834
Total market value of assets		<u>68,510</u>		<u>57,760</u>
Actual gain / (loss) on plan		<u>11,270</u>		<u>(1,230)</u>

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

	2021 £'000	2020 £'000
Fair value of plan assets	68,510	57,760
Present value of plan liabilities	<u>(99,490)</u>	<u>(98,090)</u>
Net pensions liability (Note 15)	<u>(30,980)</u>	<u>(40,330)</u>

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	(3,070)	(2,470)
Past service cost	-	-
Total	<u>(3,070)</u>	<u>(2,470)</u>
Amounts included in interest expense		
Net interest on defined benefit liability (note 8)	550	460
Total	<u>550</u>	<u>460</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	10,460	(2,480)
Experience gains arising on defined benefit obligations	1,300	(13,510)
Amount recognised in Other Comprehensive Income	<u>11,760</u>	<u>(15,990)</u>

Tyne Coast College

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movements in net defined benefit liability during the year

	2021 £'000	2020 £'000
Deficit in scheme at 1 August	(40,330)	(22,700)
Movement in year:		
Current service cost	(3,070)	(2,470)
Employer contributions	1,210	1,290
Net interest on the defined pension liability	(550)	(460)
Remeasurement gains on plan assets	10,460	(2,480)
Actuarial gain / (loss)	1,300	(13,510)
Net defined benefit liability at 31 July	<u>(30,980)</u>	<u>(40,330)</u>

Asset and Liability Reconciliation

	2021 £'000	2020 £'000
Movements in present value of defined benefit obligations		
Defined benefit obligations at start of period	(98,090)	(82,300)
Current Service cost	(3,070)	(2,470)
Interest expense on defined benefit obligation	(1,360)	(1,710)
Contributions by participants	(360)	(350)
Actuarial gain / (loss) on liabilities	1,300	(13,510)
Net benefits paid out	2,090	2,250
Defined benefit obligations at end of period	<u>(99,490)</u>	<u>(98,090)</u>

Movements in fair value of plan assets

Fair value of plan assets at start of period	57,760	59,600
Income on assets	810	1,250
Remeasurement gain / (loss) on plan assets	10,460	(2,480)
Contributions by the employer	1,210	1,290
Contributions by participants	360	350
Net benefits paid out	(2,090)	(2,250)
Assets at end of period	<u>68,510</u>	<u>57,760</u>

Tyne Coast College

Notes to the Accounts (continued)

23 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, with the exception of its sponsored academy trust, for which transactions are undertaken on a cost recovery basis.

No expenses were paid to or on behalf of Governors during the year (2020: £623; 2 governors).

No Governor has received any remuneration or waived payments from the College during the year (2020: None).

Groundwork South Tyneside and Newcastle - a company in which A Watts (a governor of the college) is Executive Director.

There were no sales transactions in the year (2020: £773), with no outstanding balance at the year end (2020: £0).

Tyne Coast Academy Trust - an academy trust sponsored by Tyne Coast College

In 2021, the college provided Tyne Coast Academy Trust with £500,165 (2020: £506,545) of corporate, financial, governance and consultancy support services as its sponsor, with a £20,680 balances outstanding at the year end (2020: £21,121). Purchase transactions in the year amounted to £3,364 (2020: £4,734), with no outstanding balance at the year end (2020: £0).

Monkwearmouth Academy - an academy within Tyne Coast Academy Trust which is sponsored by Tyne Coast College

There were no purchase transactions in 2021 (2020: £18,000). A balance of £18,000 was outstanding at the year end (2020: £18,000).

Walker Technology College - an academy within Tyne Coast Academy Trust which is sponsored by Tyne Coast College

The college did not provide any education and training services to Walker Technology College in 2021 (2020: £7,425). There were no balances outstanding at the year end (2020: £0). Purchase transactions in the year amounted to £1,000 (2020: £0), with no outstanding balance at the year end (2020: £0).

City and Guilds Group - an examination board where M Hottass (a governor of the college) is Managing Director, Technical Training.

Purchase transactions in the year amounted to £157,539 (2020: £176,549), with no outstanding balance at the year end (2020: £0).

Flag C - a company where D Byrne (a governor of the college) is a Director and shareholder.

The college did not provide any education and training services to Flag C in 2021 (2020: £13,500) and had no outstanding at the year end (2020: £13,500).

Tyne Coast College

Notes to the Accounts (continued)

24 Amounts disbursed as agent

Learner support funds	2021	2020
	£'000	£'000
Funding body grants – bursary support	677	771
Funding body grants – residential bursaries	21	16
	<u>698</u>	<u>787</u>
Disbursed to students	(622)	(754)
Administration costs	(31)	(30)
	<u>45</u>	<u>3</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.