

East Coast College
Annual Report and Financial Statements
Year ended 31 July 2022

East Coast College

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East Coast College

Reference and Administrative Details

Board of Governors:

A full list of Governors is given on pages 13 to 15 of these financial statements.

Senior Management Team:

Stuart Rimmer	-	Principal and Chief Executive
Paul Padda	-	Deputy Principal, Curriculum, Quality and Learner Experience
Julia Bates		Deputy Principal Curriculum and Strategic Partnerships
Urmila Rasan	-	Deputy Chief Executive

Principal and Registered Office:

Rotterdam Road
Lowestoft
Suffolk
NR32 2NPJ

Professional advisors:

Financial statements auditor and reporting accountants

Scrutton Bland LLP
Fitzroy House
Crown Street
Ipswich, IP1 3LG

Internal auditors

RSM Risk Assurance Services LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Bucks, MK9 1BP

Bankers

Lloyds Bank plc
Endeavour House
Chivers Way
Histon
Cambridge, CB24 9ZR

Solicitors

Ashtons Legal
The Long Barn
Fornham Business Park
Bury St Edmunds
IP31 1SL

East Coast College

Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for East Coast College for the year ended 31 July 2022.

Legal status

The Corporation was established under The Further and Higher Education Act 1992 as Lowestoft College. The purposes of the Corporation have expanded with the merger with Great Yarmouth College in 2017 and Lowestoft Sixth Form College in 2018 and is now known as East Coast College. The College is an exempt charity for the purposes of the Charities Act 2011.

The Corporation has one wholly owned subsidiary, East Coast Energy Training Academy Limited (formerly known as Lowestoft and Waveney Education Services Limited).

Mission, Vision, Strategy and/or Objectives

Our purpose is to transform individuals and build communities through education. Our values are:

Aspirational – being supportive, exploring potential and challenging ourselves daily

Respectful – acting with compassion, being inclusive and welcoming to others in our learning community and to our environment

Professional – putting team first, acting with integrity, developing our expertise and having a focused work ethic

Successful – determining our ambition, achieving excellence and continually raising standards

The East Coast College Group Strategic Plan, has four elements,

Developing our Curriculum

Ambitions:

- Increased apprenticeships participation with provision exceeding £3m and 1,000 students
- 3,000 16–18-year-olds studying at ECC with at least 10% on T levels
- At least 1,000 FTE University of Suffolk student studying higher education
- 800 students studying at the Lowestoft Sixth Form College annually and the development of sixth form provision at Great Yarmouth
- More than 150 high needs learners recruited and supported annually and continue to develop partnerships and increase students in supported internships
- Developed commercial training turnover to £3m per year
- Increased adult learner participation to £2m per year
- Developed the Eastern Civil Engineering Campus, new Health Science Centre, Great Yarmouth University Campus with our HE partners, Sports and Fitness Community Hub a Technical Clean Energy Operations, Maintenance and Welding Academy

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- Developed new specialised provision through partnership delivery including participation in a leading Institute of Technology
- Completed merger(s) or acquisition(s) with regional or national institutions to ensure continued innovation and security of the curriculum offer
- Engaged through the Norfolk Community College 7,000 people in activities to improve their work readiness, job search activity and education

Delivering Student Success, Progression and Wellbeing

Ambitions:

- Achieving Ofsted 'Outstanding' grade for all aspects of provision
- Achieving and maintaining national and regional respect for our higher education provision
- Achievement rates to be in the top quartile for all aspects of our provision
- At least 95% of students satisfied with their learning and development
- 30% of 16-18 students to progress into higher quality apprenticeship programs
- 80% of students to achieve level 3 qualifications and above
- An annual increase of 10% in the number of students who attain qualifications at level 4
- 'A' level and BTEC achievement rates to be in the top 10% nationally
- To achieve the best 'value added' scores regionally for maths and English

Improving our Business

Ambitions:

- Increase the College annual turnover to over £35m through growth and strategically aligned merger(s) or acquisitions(s)
- A College curriculum contribution rate of over 50%
- Adopt innovative technology that supports 10% cost saving
- Achieve a minimum annual capital investment of £750,000
- Develop a quality estate with all buildings category A and B through reinvestment demolition and estate investment by investing £20m of capital investment
- Maintain an ESFA financial health rating of 'Good'
- Achieve a minimum annual surplus of £250k after capital investment and debt service

Supporting our People

Ambitions:

- Demonstrate high levels of staff satisfaction and become a Sunday Times Top 100 employer
- Achieve Investors in People gold standard
- Develop a flexible reward strategy that makes annual provision for cost-of-living increase, increases lecturer pay to national upper quartile and become a real living wage employer
- Embed a transparent succession planning system linked to talent management and staff development
- Reduce our staff sickness absence rate to below the Association of Colleges average
- Stability measure to be within 75-85%

Resources

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

The College employs 597 people (414.4 expressed as full-time equivalents), of whom 231 (166.7 expressed as full-time equivalents) are teaching staff.

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The College enrolled approximately 4,200 students. The College's student population includes 2,584 16-to-18-year-old students, 872 apprentices, 365 higher education students and 54 international students.

The College has £3k (2021: £0.89 million) of net current liabilities including any pension liability (2021: £22.3 million) and long-term debt of £44.2 million (2021: £44.1 million).

The College has a good reputation locally and nationally. In its last Ofsted inspection in February 2020, it was rated Good.

Maintaining a quality brand is essential for the College's success in attracting students and building external relationships. During 2021/22 the College was eleventh position on the Best Companies To Work For in the Education/Training Sector.

Stakeholders

The College has many stakeholders including:

- Learners and their sponsors
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices/ Regional Development Agencies/LEPs
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with them including through the College internet site and meetings.

Public benefit

East Coast College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are Trustees of the Charity, are disclosed on pages 13 to 15. 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.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 4,200 students, including 161 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and provides training to 872 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial Results

The Group generated a deficit before other gains and losses of £1.9m. This was after release of a capital grant of £0.1m. This was a decline on 2020/21 from a deficit of £1.1m.

Cash flows and liquidity

At £3.8m (2020/21 £4.0m), net cash flow from operating activities was reasonably strong.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22, ESFA provided 68% of the Group's total income (compared to 65% in 2020/21).

Group companies

The College has one subsidiary, East Coast Energy Training Academy Limited. The Trading Company is a private company limited by shares and is a wholly owned subsidiary of the College. The Trading Company undertakes commercial and commercially facing training activities for companies working in the region's priority sectors, and management of the Energy Skills Centre. Any surpluses generated by the subsidiary is transferred to the College under a deed of covenant. In the current year, the surpluses generated were £179k.

Future developments

The College is investigating a potential capital rebuild programme, with the DfE exploring a capital development in the GY campus. Any future investment will offer high quality teaching and learning spaces and allow the College to develop its technical course offering in specifically designed areas.

Financial plan

The College governors approved a financial plan in July 2022 which sets objectives for the period to 2023. The College aims to maintain its health rating of 'Good' and achieve a small surplus in the year to 31 July 2023. 16-19 funding decreased in the year to 31 July 2022.

Treasury policies and objectives

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

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the current year Income and Expenditure reserve stands at a surplus of £5.9m (2021 deficit £16.7m).

A pension reserve reported a £24.4m change from a deficit to a surplus.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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 strategic and tactical level which is reviewed at termly by the Audit Committee and at least termly by the Corporation. The tactical risk register is aligned to each committee who review it termly. 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.

KEY PERFORMANCE INDICATORS

The College's key performance indicators, targets and results are set out below:

Key performance indicator	Measure/Target	Actual for 2021/2022
Student number 16/18 targets	2,708	2,584
Student achievement	85.5	83.0
Operating surplus/EBITDA as % of income	6%	8.78%
Staff satisfaction response rate (via survey)	80%	76%
Ofsted rating	2	2

Student achievements

Students continue to prosper at the College. Achievement rates remained high in 2020/21 and 85.3% of students moved into employment, apprenticeships, further or higher education after they completed college.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days. During the accounting period 1 August 2021 to 31 July 2022, the College paid 90 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

East Coast College has a Single Equality scheme which includes the following statement of intent:

"We aim to go beyond legislation to actively promote equality, inclusion and value diversity across the community, including the following Protected Characteristics:

- Age
- Disability
- Sex
- Sexual orientation
- Gender reassignment
- Race
- Religion or belief
- Pregnancy and maternity
- Marriage and civil partnership"

The duties of the Single Equality Scheme will be met in the following ways:

- Staff, students, contractors, suppliers and other stakeholders are aware of the value placed upon equal opportunity and that action will be taken in the event of any breach of the scheme
- Governors and staff have access to relevant and appropriate information which assists them to plan, implement and monitor actions to carry out their responsibilities under the scheme
- The College's publicity material aims to present appropriate and positive messages with regards to the 9 characteristics
- Schemes of work, lesson content and teaching resources demonstrate sensitivity and positive promotion of age, disability, gender identity, gender, race, religion or belief, sexual orientation and cultural diversity issues
- All students can access appropriate support and facilities
- Applicants for employment are drawn from a wide pool with positive action to encourage applications from under-represented groups
- Recruitment and promotion procedures are designed and implemented to minimise discrimination
- Staff development schemes are designed to meet the particular needs and enhance the skills of individuals of all under-represented groups
- To consult with staff and students through surveys, focus meetings and student voice forums
- To monitor and review all College policies for their impact on equalities for staff and students
- To actively engage in partnership agreements with groups outside of the College to actively promote community cohesion
- To seek the views of students, staff and stakeholders on how the College is meeting its core values, and act on the findings
- Ensure the development of an effective and diverse workforce
- Continue to work in partnership with local, regional and national employers to identify future labour market demands to ensure the best possible progression opportunities are provided to all our students
- To monitor achievement gaps and ensure that the relevant strategies drive to reduce any possible inequalities

The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The Single Equality Scheme is available on the College's website.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- a) As part of the redevelopment of the buildings it is installing lifts and ramps so that eventually most of the facilities will allow access to people with a disability.
- b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as lighting, audio facilities or wheelchairs, which the College can make available for use by students or visitors.
- d) The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student 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.
- f) Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.
- g) 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.

Gender pay gap reporting

	Year ending 31 March 2022
Mean gender pay gap	14.56%
Median gender pay gap	22.51%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0% / 0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	32%	68%
2 - Lower Middle Pay Quartile	26%	74%
3 - Upper Middle Pay Quartile	40%	60%
4 - Upper quartile	55%	45%

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

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 in the relevant period	FTE employee number
7	6.37

Percentage of time	Number of employees
0%	-
1-50%	7
51-99%	-
100%	-

Total cost of facility time	£16,570
Total pay bill	£18,374k
Percentage of total bill spent on facility time	0.09%

Time spent on paid trade union activities as a percentage of total paid facility time	3 hours per week per union per campus
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The time spent on paid trade union activities as a percentage of total paid facility time was 100%.

GOING CONCERN

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

The College currently has £5.4m of loans outstanding with bankers on terms negotiated in 2008. The terms for the existing agreements are for between 4 and 11 years. The College also has a further loan of £1.9m from the ESFA on terms negotiated in 2017. This is repayable by instalments over the next 4 years.

The College's 2022/23 budget forecasts a surplus that will result in the bank covenants being met during 2022/23. The cashflow forecasts for the next 12 months predict that there are sufficient cash days in hand throughout the period. Subsequent amendments to income and expenditure are reported to the board at each board meeting. The board considers that the College will be able to operate within the existing banking facilities and covenants for at least the next 12 months.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the next 12 months, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

On 29 November 2022 The Office for National Statistics has reclassified all colleges into the UK national accounts such that they are public sector bodies. Furthermore, this is expected to bring about changes in the Department for Education regulation of colleges. Management does not currently consider that the change will have a material impact on the College's Annual Report or its going concern assessment.

DISCLOSURE OF INFORMATION TO AUDITOR

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

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:

Mr D Blake
ECC Corporation Chair

East Coast College

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")

The Governing Body recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 and subsequently updated 2018 and 2019, which it formally adopted on the creation of East Coast College in August 2017. In the opinion of the Governors, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2022. This was assessed as part of the Governance Self-Assessment and reviewed by the Governance Remuneration and Search Committee at its October 2022 meeting.

THE CORPORATION

Members of the Corporation

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

	Date of Appointment	Term of office	Date of resignation or end of term	Status of appointment	Committees served	Corporation Attendance in 2021/22
Alan Debenham	1 8 17 reappointed 1 8 19	4 year		Independent	People, Governance Remuneration and Search, Estates, Finance and General Purposes Committee	8 out of 11
Tina Ellis	1 8 17 reappointed 1 8 19	4 year		Independent	Governance Remuneration and Search, People Quality and Standards	11 out of 11
David Hill	1 8 17 reappointed 1 8 19	4 year	21 9 21	Independent	Finance and General Purposes Committee and Estates	1 out of 1
Rob Evans	1 8 17	1 year		Independent	Governance Remuneration and Search,	11 out of 11

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	Date of Appointment	Term of office	Date of resignation or end of term	Status of appointment	Committees served	Corporation Attendance in 2021/22
	reappointed 1 8 20 reappointed 1 8 21 reappointed 1 8 22			Senior Independent Director		
Saul Humphrey	1 8 17 Reappointed 31 7 21	2 year		Independent	Curriculum Development, Estates	11 out of 11
Debbie Pring	26 9 17	4 year	25 9 21	Staff	Quality and Standards	0 out of 1
Andrew Timberlake	13 11 18	4 year	12 11 22	Staff	Quality and Standards	3 out of 11
Stuart Rimmer	1 8 17			CEO/Principal	Quality and Standards, Finance and General Purposes, Estates, People, Curriculum Development and Governance Remuneration and Search	11 out of 11
Peter Lavender	19 12 17 Reappointed as of 12 21	4 year		Independent	Quality and Standards and Curriculum Development	9 out of 11
Gemma Head	1 2 19	4 year	31 8 21	Independent	Quality and Standards and Curriculum Development	8 out of 11
Giles Kerkham	1 4 19	4 year		Independent	Audit	7 out of 11
Mike Dowdall	1 2 19	4 year		Independent	Finance and General Purposes, Estates and Curriculum Development	11 out of 11
David Blake	1 11 20	4 year		Independent	Finance and General Purposes, Estates and Governance Remuneration and Search	11 out of 11
Kirk Lower	13 4 21	2 year		Independent	Quality and Standards	5 out of 8
Ian Lomax	13 4 21	2 year		Independent	Quality and Standards, Estates and Curriculum Development	11 out of 11
Jose Bamonde	1 8 21	2 year	02 12 21	Independent	Quality and Standards and People	0 out of 3

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	Date of Appointment	Term of office	Date of resignation or end of term	Status of appointment	Committees served	Corporation Attendance in 2021/22
Jude Owens	1 8 21	2 year		Independent	People	8 out of 11
Andrew Walmsley	1 8 21	2 year		Independent	Curriculum Development and Audit	11 out of 11
Nasima Begum	12 10 21			Staff Governor		8 out of 9
Maciej Suchowiecki	22 3 22		8 4 22	Student Governor		1 out of 1

The governance framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met monthly during the academic year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Quality and Standards, Finance and General Purposes, Audit, Governance Remuneration and Search, People, Curriculum Development and a task and finish Estates Committee.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at

w.stanger@eastcoast.ac.uk or
East Coast College Corporation
East Coast College
Rotterdam Road
Lowestoft
NR32 2NPJ

Or on the College's web site at: www.eastcoast.ac.uk

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 that all applicable procedures and regulations are complied with. As a Senior Post Holder, the appointment, evaluation and removal of the Director of Governance are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner using a Governors' portal.

The Director of Governance is a senior post holder and a member of the Senior Leadership Team and replaced the traditional 'Clerk to the Corporation' role. The postholder has various relevant qualifications including being a member of the Chartered Institute of Management Accountants, a degree in Politics and Law and a Post Grad Diploma in Business Administration. The Board ensures that they receive appropriate development throughout the year including attendance at relevant governance conferences both sector specific and general governance together with relevant training and development. During the 2021/22 year the Director of Governance completed the Governance Professional's Leadership Programme run by the Institute of Directors in conjunction with ETF, and attended the Chartered Governance Institute's Annual Conference, AOC Governance Professionals Annual Conference, Governance Professional's Development Workshops, and various webinars covering subjects such as Ofsted, LSPs, and Board Reviews.

The Board ensures that the Director of Governance also works with the sector to help develop Governance through chairing the AOC East Governance Professionals network, membership of the National Governance Professionals' National Group and various working groups that are developing guidance and support for the sector, this has included review of the AOC Code of Governance and a Governance Professionals Competency Framework.

The Board receives weekly college and sector briefings throughout the academic year. Training is provided to cover areas identified as requiring development and there is an induction programme for new governors. Training has included in 2021/22 AOC induction, AOC Regional Governor Conference, ETF online Governor Development Programme, LSP, Ofsted and apprenticeships. The Chair has attended additional training events and completed during 2021/22 the Chair's Leadership Programme run by the Institute of Directors in conjunction with ETF.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance Remuneration and Search Committee, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office of between one and four years. Additional terms of office are subject to recommendation to the Corporation by the Governance Remuneration and Search Committee and based on the Governance need.

A Governance succession plan is in place and further recruitment took place during 2021/22 and will continue into 2022/23.

Corporation performance

The Corporation annually undertakes a formal and rigorous evaluation on the effectiveness of its performance, that of its committees and individual Governors.

To assist with this review process, the following were completed:

1. Annual Review of Code of Good Governance – this was RAG rated based on the Governor feedback
 2. Annual Governance Review
 3. Annual Governor Review
 4. Annual Review of Committees and Committee Chairs.
 5. Annual Attendance Review
 6. Annual training and Development Review
 7. Annual Skills Audit and
 8. Assessment of Governance by the Senior Team. and
 9. Interim Director of Governance at East Coast College; May – July 2022 review report
- This process is ongoing with a mock Governance EIF meetings and feedback to be held in November after which the self-assessment will be revised along with the Quality Improvement Plan.

Governance, Remuneration and Search Committee

Throughout the year ended 31 July 2022 the College's Governance Remuneration and Search Committee comprised five members of the Corporation.

The Governance Remuneration and Search Committee held additional meetings during 2021/22 for Governor and Senior Post Holder recruitment.

Membership during the 2021/22 period were:

	Attendance
David Blake (Corporation Chair)	7/7
Rob Evans (Senior Independent Director)	6/7
Alan Debenham (People Committee Chair)	6/7
Tina Ellis	6/7
Stuart Rimmer (CEO)	6/7

giving an overall attendance rate of 89%.

The Corporation's minimum attendance rate is 80% which all members exceeded.

The Committee's responsibilities also include making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other Senior Post Holders.

The College adopted AoC's Senior Staff Remuneration Code and annually publish a Senior Staff Remuneration Report.

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

Audit Committee

The Audit Committee is comprised of not fewer than four independent members, including associates. The following are ineligible to be members of the Committee:

- The Principal and other Senior Post Holders;

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- Those with executive responsibilities at senior level;
- Members of the Finance & General Purposes Committee;
- The Chair of the Corporation; and
- Governors who have significant interests in the College.

The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditor, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Audit Committee advises the Corporation on the appointment of internal, reporting accountants and financial statements auditor and their remuneration for audit and non-audit work.

The Audit Committee annual report to the Corporation is based on the Post-16 Audit Code of Practice requirements.

The Audit Committee met four times in the year to 31 July 2021, on 11/10/2021, 07/12/2021, 03/05/2022 and 05/07/2022. The members of the Audit Committee and their attendance records are shown below:

Committee member	Meetings attended
Giles Kerkham (Chair)	4/4
Andrew Walmsley	4/4
Roland Kaye (Associate Member of Audit Committee)	3/4
Christina Sadler (Associate Member of Audit Committee)	3/4
David Shaw (Associate Member of Audit Committee, appointed 18/10/12)	3/3

giving an overall attendance rate of 89%.

INTERNAL CONTROL

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is 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 East Coast College for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation 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 Corporation 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 ended 31 July 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The 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 Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the 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 Corporation

The College has well developed strategies for managing risk and strives to embed risk management in all that it does and these form part of the Board Assurance Framework.

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.

Strategic and tactical risk registers are maintained which are reviewed at each Audit Committee. Each Committee reviews the relevant sections of the tactical risk register at their meetings. A Covid-19 risk register has been established which is reviewed by the Corporation. The risk registers identify 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 which allows post mitigation scores to be compared with an agreed risk appetite score.

The risks included in the Strategic Risk Register are outlined below. Not all the risks are within the College's control and other risks besides those listed below may also adversely affect the College.

- Failure to be financially viable
- Failure to develop a curriculum which meets stakeholder needs
- Failure to maintain a good reputation, student experience and outcomes
- Failure to recruit and retain a high-quality team, including governors
- Failure to implement the Estates Strategy

Responsibilities under funding agreements

The College governors confirm that they have met all conditions under the funding agreement.

Statement from the Audit Committee

The management of risk is the responsibility of all Board members, but the Audit Committee has a specific duty to assess and provide the corporation with an opinion on the adequacy and effectiveness of the corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.

The Audit Committee considered the solvency of the Corporation through the internal and external audit reports, including the statements relating to cashflow and going concern in the Annual Accounts. Other committees and the Board have also considered solvency and cashflow through the management accounts. These demonstrated that the College was solvent with an adequate cash flow.

The East Coast College Audit Committees have considered risk through reviewing:

- the strategic and tactical risk registers
- the Committee's reviews of their Committee's risk registers
- the Risk Management Strategy and Policy and Procedure
- the Corporate Governance and Board Assurance Framework
- work carried out and assurances on the College's risk management, control and governance processes given by the internal Auditors and External Auditor and
- Reports from the College's senior management.

East Coast College Annual Report & Financial Statements 2021-22

The Audit Committees opinion is that the adequacy and effectiveness of the corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets during 21/22 were effective

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

- Review of Internal Audits and Advisory Audits on Funding Assurance, key financial controls, Income and Debtors, and Cash Management, General Ledger, and Financial Planning and Budgetary Control
- Internal Audit – Follow up Audit which concluded that reasonable progress had been made in implementing Audit Recommendations.
- Revision of Policies
- Annual Accounts – Governance Statement and Management Letter
- Update on College Accounts Direction 2021 to 2022 and Post-16 Audit Code of Practice 2020-21
- Annual Reports on the work of the Audit Committee, Data Protection, Whistleblowing and Freedom of Information and
- Review of Strategic and Tactical risk registers

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His 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
- comments made by the College's financial statements auditor, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation 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.

East Coast College Annual Report & Financial Statements 2021-22

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation 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 Corporation on 13 December 2022 and signed on its behalf by:

Mr D Blake
Corporation Chair

Mr S Rimmer
Principal, Chief Executive and
Accounting Officer

East Coast College

Statement of Regularity, Propriety and Compliance

The Corporation 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 ESFA. As part of our consideration, we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm on behalf of the Corporation, 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 contract with ESFA.

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.

Mr D Blake
Corporation Chair

Mr S Rimmer
Principal, Chief Executive and
Accounting Officer

Date:

Date:

East Coast College

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 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 Corporation 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; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder.

East Coast College Annual Report & Financial Statements 2021-22

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on **13 December 2022**
and signed on its behalf by:

Mr D Blake
Corporation Chair

Independent auditor's report to the Corporation of East Coast College

Opinion

We have audited the consolidated financial statements of East Coast College (the 'College') and its subsidiary undertaking (together the 'Group') for the year ended 31 July 2022 which comprise the Consolidated and College Statements of Comprehensive income, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including; the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021 to 2022* and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and College's affairs as at 31 July 2022 and of its deficit of income over expenditure for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the College's Report and Financial Statements other than the financial statements and our auditor's report thereon. 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 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 in relation to which 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:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- conclusions relating to appropriateness of the use of the going concern basis of accounting and disclosures of material uncertainties, subject to the requirements of ISA 570 Going Concern, and whether the auditor has concluded that there is a material misstatement in other information, subject to the requirements of ISA 720 The Auditor's Responsibilities Relating to Other Information

Responsibilities of the Members of the Corporation of East Coast College

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on Pages 24 and 25 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Governors (as required by auditing standards) and senior management, inspection of the College's regulatory and legal correspondence and discussed with the Governors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the College is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with the requirements of the Education & Skills Funding Agency, The Charity Commission, Ofsted, health and safety, building regulations, corporate governance including safeguarding and wellbeing, human rights and employment law, anti-bribery and corruption, Food Safety Act 1990 and GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governors and other management and inspection of regulatory and legal correspondence, if any.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the College complies with such regulations, enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.



Scrutton Bland LLP
Chartered Accountants and Statutory Auditor
Fitzroy House
Crown Street
Ipswich, IP1 3LG

Date: 16 December 2022

Scrutton Bland LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Reporting accountant's assurance report on regularity

To: The Corporation of East Coast College and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public provider, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by East Coast College during the period 1 August 2021 to 31 July 2022 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. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of East Coast College and the reporting accountant

The Corporation of East 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the 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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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.

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

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

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

The work undertaken to draw to our conclusion includes:

- A review of the College's Self-Assessment Questionnaire for the period 1 August 2021 to 31 July 2022.
- A review of the evidence supplied by the College to support the Self-Assessment Questionnaire and discussions with members of the College's staff.
- Tests of detail.

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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Scrutton Bland LLP
Chartered Accountants
Fitzroy House
Crown Street
Ipswich IP1 3LG

Date: 16 December 2022

CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2022

	Notes	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Income					
Funding body grants	2	19,078	19,078	19,882	19,882
Tuition fees and education contracts	3	4,358	4,358	4,117	4,117
Other grants and contracts	4	1,174	1,174	999	999
Other income	5	2,380	2,126	2,339	2,005
Donations and endowments	6	-	-	-	-
Total income		26,990	26,736	27,337	27,003
Expenditure					
Staff costs	7	18,374	18,305	18,102	17,920
Other operating expenses	8	7,682	7,498	6,283	6,135
Depreciation	11	2,067	2,063	3,435	3,431
Interest and other finance costs	9	805	805	669	669
Total expenditure		28,928	28,671	28,489	28,155
(Deficit) for the year before other gains and losses		(1,938)	(1,935)	(1,152)	(1,152)
(Loss)/profit on disposal of tangible fixed assets		(45)	(45)	73	73
(Deficit) for the year		(1,983)	(1,980)	(1,079)	(1,079)
Actuarial gain/ (loss) in respect of pension schemes	21	24,404	24,404	(174)	(174)
Total Comprehensive income/ (expenditure) for the year		22,421	22,424	(1,253)	(1,253)

The total comprehensive income/(expenditure) is unrestricted and is in respect of continuing activities.

There are no non-controlling interests.

**CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2022**

Group	Income and expenditure account £000	Restricted Reserves £000	Revaluation Reserve £000	Total £000
Balance at 1 August 2020	(15,666)	189	3,219	(12,258)
Deficit from the income and expenditure account	(1,079)	-	-	(1,079)
Other comprehensive expenditure	(174)	-	-	(174)
Transfers between revaluation and income and expenditure reserves	170	-	(170)	-
Net movement in restricted reserves	-	1	-	1
Total comprehensive (expenditure) for the year	(1,083)	1	(170)	(1,252)
Balance at 31 July 2021	(16,749)	190	3,049	(13,510)
Deficit from the income and expenditure account	(1,983)	-	-	(1,983)
Other comprehensive income	24,404	-	-	24,404
Transfers between revaluation and income and expenditure reserves	281	-	(281)	-
Net movement in restricted reserves	-	2	-	2
Total comprehensive income for the year	22,702	2	(281)	22,423
Balance at 31 July 2022	5,953	192	2,768	8,913

**CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2022**

College	Income and expenditure account £000	Restricted Reserves £000	Revaluation Reserve £000	Total £000
Balance at 1 August 2020	(16,014)	189	3,219	(12,606)
Deficit from the income and expenditure account	(1,079)	-	-	(1,079)
Other comprehensive expenditure	(174)	-	-	(174)
Transfers between revaluation and income and expenditure reserves	170	-	(170)	-
Net movement in restricted reserves	-	1	-	1
Total comprehensive (expenditure) for the year	(1,083)	1	(170)	(1,252)
Balance at 31 July 2021	(17,097)	190	3,049	(13,858)
Deficit from the income and expenditure account	(1,980)	-	-	(1,980)
Other comprehensive income	24,404	-	-	24,404
Transfers between revaluation and income and expenditure reserves	281	-	(281)	-
Net movement in restricted reserves	-	2	-	2
Total comprehensive income for the year	22,705	2	(281)	22,426
Balance at 31 July 2022	5,608	192	2,768	8,568

**CONSOLIDATED AND COLLEGE BALANCE SHEETS
AS AT 31 JULY 2022**

	Notes	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Non-current assets					
Tangible fixed assets	11	53,364	53,360	54,019	54,011
Investments	12	-	1	-	1
		<u>53,364</u>	<u>53,361</u>	<u>54,019</u>	<u>54,012</u>
Current assets					
Trade and other receivables	13	988	1,354	503	730
Cash and cash equivalents	18	7,488	6,414	6,598	5,759
		<u>8,476</u>	<u>7,768</u>	<u>7,101</u>	<u>6,489</u>
Total current assets		8,476	7,768	7,101	6,489
Creditors - amounts falling due within one year	14	(8,479)	(8,113)	(7,992)	(7,721)
		<u>(3)</u>	<u>(345)</u>	<u>(891)</u>	<u>(1,232)</u>
Net current liabilities		(3)	(345)	(891)	(1,232)
Total assets less current liabilities		53,361	53,016	53,128	52,780
Creditors: amounts falling due after more than one year	15	(44,235)	(44,235)	(44,129)	(44,129)
Provisions					
Defined benefit pension obligations	17	-	-	(22,254)	(22,254)
Other provisions	17	(213)	(213)	(255)	(255)
		<u>(213)</u>	<u>(213)</u>	<u>(255)</u>	<u>(255)</u>
Net assets/(liabilities)		8,913	8,568	(13,510)	(13,858)

**CONSOLIDATED AND COLLEGE BALANCE SHEETS
AS AT 31 JULY 2022**

	Notes	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Restricted reserves		192	192	190	190
Unrestricted reserves					
Income and expenditure account		5,953	5,608	(16,749)	(17,097)
Revaluation reserve		2,768	2,768	3,049	3,049
		8,721	8,376	(13,700)	(14,048)
Total reserves		8,913	8,568	(13,510)	(13,858)

The financial statements on pages 32 to 62 were approved and authorised for issue by the Corporation of East Coast College on _____ and were signed on its behalf on that date by:

Mr D Blake
Corporation Chair

Mr S Rimmer
Principal, Chief Executive and
Accounting Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 JULY 2022

	Notes	2022 £000	2021 £000
Cash inflow from operating activities			
Deficit for the year		(1,983)	(1,079)
Adjustment for non-cash items			
Depreciation		2,067	3,435
Loss/(profit) on disposal of tangible fixed assets		45	(73)
Increase in debtors		(485)	(320)
Decrease in creditors due within one year		1,760	1,809
Pension costs less contributions payable		1,734	1,155
Release of deferred capital grants		(280)	(1,569)
Adjustment for investing or financing activities			
Interest payable		805	669
Net cash flow generated from operating activities		3,663	4,027
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		8	397
Payments made to acquire tangible fixed assets		(1,322)	(2,605)
Restricted funds received		2	1
		(1,312)	(2,207)
Cash flows from financing activities			
Interest paid		(459)	(473)
Repayment of amounts borrowed		(1,002)	(745)
Capital grants received		-	1,479
		(1,461)	261
Increase in cash and cash equivalents in the year		890	2,081
Cash and cash equivalents at the beginning of the year	18	6,598	4,517
Cash and cash equivalents at the end of the year	18	7,488	6,598

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2022

1 ACCOUNTING POLICIES

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021/22 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the use of previous valuations as deemed cost on transition to FRS 102 for certain tangible fixed assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the College and its subsidiary, East Coast Energy Training Academy Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

Going Concern

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

The College currently has £5,318,000 of loans outstanding with bankers on terms negotiated in 2008, secured by fixed charges over the College's freehold properties. The terms for the existing agreements are for between 5 and 11 years. The College also has a further loan of £1,848,000 from the ESFA on terms negotiated in 2017. This is repayable by instalments over the next 4 years.

The College's 2022/23 budget forecasts a surplus that will result in the bank covenants being met during 2022/23. The cashflow forecasts for the next 12 months predict that there are sufficient cash days in hand throughout the period. Subsequent amendments to income and expenditure are reported to the board each month. Any variance to forecast can be managed to ensure that EBITDA will be at the required level to meet the bank covenants. Whilst not all future events or conditions can be predicted, management and the Board consider that the budget will be met for 2022/23.

Therefore, the Board considers that the College will be able to operate within the existing banking facilities and covenants for at least the next 12 months and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

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

Fee income

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

Investment income

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

Agency arrangements

The College acts as agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

Local Government Pension Scheme (LGPS)

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

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

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Enhanced Pensions

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

Tangible fixed assets

Tangible fixed assets are stated at 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 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that transition.

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

Land and buildings

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

Freehold buildings are depreciated on a straight-line basis over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of the architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets 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 £500 per individual item is recognised as expenditure in the Statement of Comprehensive Income and Expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

Motor vehicles and general equipment	- 10% to 20% per year
Computer equipment	- 33.3% per year
Furniture and fittings	- 10% to 20% per year

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.

Borrowing Costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investment in the subsidiary is accounted for at cost less impairment in the College's financial statements.

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 investment when it has a 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 Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction cost (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 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 minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company is subject to corporation tax in the same way as any commercial organisation.

From 1 February 2019 the College and its subsidiary company have been jointly registered for VAT. Consequently, the subsidiary company has also been partially exempt. Prior to the joint registration, the subsidiary company was subject to VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the 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.

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 risk 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.

- Determine whether to recognise the VAT contingent asset per note 24. Factors taken into consideration in reaching the decision where the extent to which the amount can be estimated reliably, and the probability of it being received.
- Determine whether to recognise the defined pension obligation surplus per note 21. Management and the Board have made the judgement to only recognise the actuarial gain arising in the year to the extent that it reduces the actuarial obligation to £Nil. This is on the basis that the unrecognised surplus is not expected to be recovered through either refunds from the schemes or reduced future contributions.

Other key sources of estimation uncertainty:

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The annual review performed by management of the useful economic lives of its tangible fixed resulted in the useful economic lives of various assets being extended. This resulted in a decrease in the depreciation charge for the year of £1,717,000.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. The actuaries have used a roll forward approach which projects results from the latest full actuarial valuations performed at 31 March 2019 to value the pension liabilities at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 FUNDING BODY GRANTS

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Recurrent grants				
Education and Skills Funding Agency – adult	1,756	1,756	1,587	1,587
Education and Skills Funding Agency – 16-18	15,225	15,225	14,506	14,506
Education and Skills Funding Agency - apprenticeships	1,600	1,600	1,781	1,781
Specific grants				
Teacher Pension Scheme contribution grant	402	402	439	439
Releases of Government capital grants	95	95	1,569	1,569
	19,078	19,078	19,882	19,882

3 TUITION FEES AND EDUCATION CONTRACTS

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Adult education fees	158	158	133	133
Apprenticeship contracts	53	53	68	68
Fees for FE Loan supported courses	561	561	597	597
Fees for HE Loan supported courses	2,231	2,231	2,536	2,536
Total tuition fees	3,003	3,003	3,334	3,334
Education contracts	1,355	1,355	783	783
Total	4,358	4,358	4,117	4,117

4 OTHER GRANTS AND CONTRACTS

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Learning support and bursary	327	327	-	-
European Commission	768	768	613	613
Other grant income	71	71	190	190
Coronavirus Job Retention Scheme grant	8	8	196	196
	1,174	1,174	999	999

5 OTHER INCOME

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Catering and residences	609	609	302	302
Other income generating activities	1,245	584	1,084	408
Miscellaneous income	526	933	953	1,295
	<u>2,380</u>	<u>2,126</u>	<u>2,339</u>	<u>2,005</u>

6 DONATIONS AND ENDOWMENTS

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Unrestricted donations	-	-	-	-

7 STAFF COSTS – GROUP

Staff numbers

The average number of persons (including key management personnel) employed by the Group during the year on an average headcount basis was:

	2022 Number	2021 Number
Teaching staff	229	236
Non-teaching staff	371	365
	<u>600</u>	<u>604</u>

Staff costs

	2022 £000	2021 £000
Wages and salaries	12,826	12,825
Social security costs	1,151	1,173
Other pension costs (note 21)	4,397	3,735
	<u>18,374</u>	<u>17,733</u>
Contracted out staffing costs	-	369
Total Staff costs	<u>18,374</u>	<u>18,102</u>

The Group has salary sacrifice arrangements in place for childcare vouchers and the bike scheme.

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 College Leadership Team which comprises the Principal, Vice Principal and Deputy Chief Executive and other senior staff.

Staff costs include any compensation paid to key management personnel for loss of office.

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

	2022	2021
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	4

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

	Key management personnel		Other Staff	
	2022	2021	2022	2020
£40,001 to £45,000	1	1	-	-
£55,001 to £60,000	1	-	-	-
£60,001 to £65,000	-	-	1	-
£80,001 to £85,000	2	1	-	-
£90,001 to £95,000	-	-	1	-
£100,001 to £105,000	-	1	-	-
£120,001 to £125,000	1	-	-	-
£150,001 to £155,000	1	1	-	-
	6	4	2	-

Key management personnel compensation is made up as follows:

	2022	2021
	£000	£000
Basic salaries	462	377
Pension contributions	105	91
Total key management personnel compensation	567	468

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The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2022	2021
	£000	£000
Basic salaries	152	150
Pension contributions	36	36
	<u>188</u>	<u>186</u>

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

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

The Principal and Chief Executive reports to the Board with day to day management through the Chair of governing body. The Chair undertakes an annual review on behalf of the Corporation of his performance against the College's overall objectives using both qualitative and quantitative measures of performance and this is normally signed off by the Corporation.

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

	2022	2021
Principal's basic salary as a multiple of the median of all staff	<u>5.9</u>	<u>6.6</u>
Principal's total remuneration as a multiple of the median of all staff	<u>5.9</u>	<u>6.6</u>

Compensation for loss of office paid to former key management personnel

	2022	2021
	£000	£000
Compensation paid to the former post-holder	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
	<u>-</u>	<u>-</u>

The severance payment was approved by the College's Remuneration Committee.

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties in either the current or prior year.

8 OTHER OPERATING EXPENSES

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Teaching costs	1,757	1,643	2,461	2,341
Non-teaching costs	3,941	3,871	2,206	2,178
Premises costs	1,984	1,984	1,616	1,616
	<u>7,682</u>	<u>7,498</u>	<u>6,283</u>	<u>6,135</u>

Other operating expenses include:

	2022 £000	2021 £000
Auditor's remuneration:		
- Financial statements audit	31	44
- Other services provided by the financial statements auditor	2	1
Hire of assets under operating leases	<u>74</u>	<u>130</u>

9 INTEREST AND OTHER FINANCE COSTS

	2022 £000	2021 £000
On bank loans, overdrafts and other loans	431	369
Net interest on defined pension liability (note 21)	370	296
Net interest on enhanced pension provision	4	4
	<u>805</u>	<u>669</u>

10 TAXATION

The members do not believe the College was liable for any UK corporation tax arising out of its activities during either year. There is a Deed of Covenant between the College and its subsidiary company, which requires the subsidiary company to make Gift Aid payments within nine months of the year end equal to its distributable profits for each financial year. Consequently, the members do not believe the subsidiary undertaking incurred any corporation tax liabilities during either year.

11 TANGIBLE FIXED ASSETS

Group

	Freehold Land and Buildings	Equipment	Assets in the course of construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2021	68,733	14,918	219	83,870
Additions	-	673	792	1,465
Disposals	(13)	(613)	-	(626)
	<u>68,720</u>	<u>14,978</u>	<u>1,011</u>	<u>84,709</u>
Depreciation				
At 1 August 2021	20,324	9,527	-	29,851
Charge for the year	1,117	950	-	2,067
Disposals	(9)	(564)	-	(573)
	<u>21,432</u>	<u>9,913</u>	<u>-</u>	<u>31,345</u>
Net book values				
At 31 July 2022	<u>47,288</u>	<u>5,065</u>	<u>1,011</u>	<u>53,364</u>
At 31 July 2021	<u>48,409</u>	<u>5,391</u>	<u>219</u>	<u>54,019</u>

College

	Freehold Land and Buildings	Equipment	Assets in the course of construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2021	68,733	14,534	219	83,486
Additions	-	673	792	1,465
Disposals	(13)	(388)	-	(401)
	<u>68,720</u>	<u>14,819</u>	<u>1,011</u>	<u>84,550</u>
Depreciation				
At 1 August 2021	20,324	9,151	-	29,475
Charge for the year	1,117	946	-	2,063
Disposals	(9)	(339)	-	(348)
	<u>21,432</u>	<u>9,758</u>	<u>-</u>	<u>31,190</u>
Net book values				
At 31 July 2022	<u>47,288</u>	<u>5,061</u>	<u>1,011</u>	<u>53,360</u>
At 31 July 2021	<u>48,409</u>	<u>5,383</u>	<u>219</u>	<u>54,011</u>

Land and buildings inherited from the local education authority were valued in 1996 at depreciated replacement cost by Suffolk County Council Surveyors, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guideline notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Group on a depreciated replacement cost basis with the assistance of independent professional advice.

12 INVESTMENTS – College only

	2022 £000	2021 £000
Amounts falling due within one year:		
Investment in subsidiary undertaking	1	1

The College owns 100% of the issued share capital of East Coast Energy Training Academy Limited, a company incorporated in England and Wales. The principal business activity of the company is the provision of education and training services.

13 DEBTORS

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Amounts falling due within one year:				
Trade receivables	435	263	490	358
Amounts owed by subsidiary undertakings	-	549	-	361
Prepayments and accrued income	553	542	13	11
	988	1,354	503	730

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Bank loans	425	425	364	364
Other loan	492	492	492	492
Trade creditors	1,121	1,096	37	34
Other taxation and social security	667	353	458	250
Other creditors	282	282	282	282
Holiday pay accrual	157	157	246	246
Deferred income – Government capital grants	95	95	1,544	1,544
Accruals and deferred income	5,240	5,213	4,569	4,509
	8,479	8,113	7,992	7,721

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Bank loans	4,995	4,995	5,441	5,441
Deferred income				
– Government capital grants	37,885	37,885	36,716	36,716
Other loan	1,355	1,355	1,972	1,972
	<u>44,235</u>	<u>44,235</u>	<u>44,129</u>	<u>44,129</u>

16 MATURITY OF DEBT

(a) Bank loans and overdrafts

Bank loans are repayable as follows:

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
In one year or less	425	425	364	364
Between one and two years	446	446	420	420
Between two and five years	1,473	1,473	1,429	1,429
In five years or more	3,076	3,076	3,592	3,592
	<u>5,420</u>	<u>5,420</u>	<u>5,805</u>	<u>5,805</u>

The bank loans are secured by charges over the College's freehold properties and repayable by instalments as follows:

Loan 1 - £241,000 repayable by instalments falling due between 1 August 2022 and 30 September 2026 and subject to interest of 6.6% per annum.

Loan 2 - £2,669,000 repayable by instalments falling due between 1 August 2022 and 1 September 2033 and subject to interest of 6.19% per annum.

Loan 3 - £2,510,000 repayable by instalments falling due between 1 August 2022 and 1 September 2033 and subject to interest of 6.38% per annum.

(b) Other loan

The other loan is repayable as follows:

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
In one year or less	492	492	492	492
Between one and two years	492	492	492	492
Between two and five years	863	863	1,480	1,480
In five years or more	-	-	-	-
	1,847	1,847	2,464	2,464

The loan is repayable by instalments falling due between 18 October 2021 and 18 April 2026 and subject to a variable rate of interest based on the gross redemption yield of Treasury 4.25% 2027 stock.

17 PROVISIONS – GROUP AND COLLEGE

	Defined benefit obligations £000	Enhanced pensions £000	Total £000
At 1 August 2021	22,254	255	22,509
Utilised in the year	(22,254)	(42)	(22,296)
At 31 July 2022	-	213	213

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 21.

The enhanced pension provision relates to the cost of staff that have already left the College's employ.

The principal assumptions for this calculation are:

	2022	2021
Price inflation (CPI)	2.90%	2.80%
Discount rate	3.30%	1.60%

18 CASH AND CASH EQUIVALENTS - GROUP

	At 1 August 2021 £000	Cashflows £000	Other Changes £000	At 31 July 2022 £000
Cash and cash equivalents	6,598	890	-	7,488

19 CAPITAL AND OTHER COMMITMENTS – GROUP AND COLLEGE

	2022 £000	2021 £000
Commitments contracted for at 31 July	<u>285</u>	<u>-</u>

20 LEASE OBLIGATIONS - GROUP

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

	2022 £000	2021 £000
Future minimum lease payments due		
Other		
Not later than one year	89	73
Later than one year and not more than five years	<u>212</u>	<u>109</u>
	<u>301</u>	<u>182</u>

21 DEFINED BENEFIT OBLIGATIONS - GROUP

The Group'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 split into two further plans managed by Suffolk County Council and Norfolk County Council respectively. Both schemes are multi-employer defined-benefit plans.

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

Total pension cost for the year

	2022 £000	2022 £000	2021 £000	2021 £000
TPS: Contributions payable		1,305		1,257
LGPS: Contributions paid	1,358		1,322	
FRS 102 charge	<u>3,138</u>		<u>2,496</u>	
		5,801		5,075
Enhanced pension provision		(46)		(18)
Total pension cost for the year within staff costs		<u>5,755</u>		<u>5,057</u>

Teachers' Pension Scheme

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

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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 2019. 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 £198 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 2021-22 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 £1,305,000 (2021: £1,364,000).

Local Government Pension Scheme

The LGPS is two funded defined benefit plans, with the assets held in separate funds administered by Norfolk County Council and Suffolk County Council. The total contribution payable for the year ended 31 July 2022 was £1,710,000 (2021: £1,648,000) of which employer's contributions totalled £1,358,000 (2021: £1,322,000) and employees' contributions totalled £352,000 (2021: £326,000). The agreed contribution rates for future years are between 22% and 26.5% for employers and range from 5.5% to 12.5% for employees depending on salary according to a national scale.

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

Norfolk County Council

	At 31.7.22	At 31.7.21
Rate of increase in salaries	3.40%	3.50%
Future pension increases	2.70%	2.80%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumptions (CPI)	2.70%	2.80%
Commutation of pensions to lump sums – pre-April 2008 service	50%	50%
Commutation of pensions to lump sums – post April 2008 service	75%	75%

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

	At 31.7.22	At 31.7.21
Retiring today:		
Males	21.70	21.90
Females	24.10	24.30
Retiring in 20 years:		
Males	22.90	23.20
Females	26.00	26.20

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

	% total plan assets at 31 July 2022	Fair Value at 31.7.22 £000	% total plan assets at 31 July 2021	Fair Value at 31.7.21 £000
Equities	48%	11,269	51%	11,201
Other bonds	38%	8,922	35%	7,687
Property	12%	2,817	11%	2,416
Cash	2%	470	3%	658
Total market value of assets		23,478		21,962

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Suffolk County Council

	At 31.7.22	At 31.7.21
Rate of increase in salaries	3.40%	3.50%
Future pension increases	2.70%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumptions (CPI)	3.50%	2.80%
Commutation of pensions to lump sums – pre-April 2008 service	25%	25%
Commutation of pensions to lump sums – post April 2008 service	63%	63%

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

	At 31.7.22	At 31.7.21
Retiring today:		
Males	21.90	22.10
Females	24.30	24.50
Retiring in 20 years:		
Males	22.90	23.20
Females	26.10	26.40

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

	% total plan assets at 31 July 2022	Fair Value at 31.7.22 £000	% total plan assets at 31 July 2021	Fair Value at 31.7.21 £000
Equities	66%	18,805	65%	17,293
Other bonds	24%	6,838	25%	6,651
Property	10%	2,849	8%	2,128
Cash		-	2%	532
Total market value of assets		28,492		26,604

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

	2022 £000	2021 £000
Fair value of plan assets	51,970	48,566
Present value of plan liabilities	(47,888)	(70,820)
Restriction on pension surplus	(4,082)	-
Net pensions liability (Note 17)	-	(22,254)

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

	2022 £000	2021 £000
Amounts included in staff costs		
Current service cost	3,132	2,496
Past service cost	6	-
Total	3,138	2,496

Amounts included in interest and other finance costs

Net interest cost	370	296
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Amounts recognised in Other Comprehensive Income

Return on pension plan assets	2,076	7,000
Experience (losses)/gains arising on defined benefit obligations	(32)	803
Changes in assumptions underlying the present value of plan liabilities	(26,442)	(7,977)
Restriction on pension surplus	(4,082)	-
Amount recognised in Other Comprehensive Income	(28,480)	(174)

Movement in net defined benefit liability

Net defined benefit in scheme at 1 August	(22,254)	(20,610)
Movement in year:		
Current service cost	(3,132)	(2,496)
Past service cost	(6)	-
Employer contributions	1,254	1,214
Contributions in respect of unfunded benefits	104	108
Net interest on the defined liability	(370)	(296)
Gross actuarial gain	28,486	(174)
Restriction on pension surplus	(4,082)	-
Net defined benefit liability at 31 July	-	(22,254)

Local Government Pension Scheme

Asset and liability reconciliation

	2022 £000	2021 £000
Changes in the present value of defined benefit obligation		
Defined benefit obligation at start of period	70,820	61,061
Current service cost	3,132	2,496
Past service cost	6	-
Interest cost	1,151	866
Contributions by scheme participants	352	326
Change in financial assumptions	(26,183)	7,977
Change in demographic assumptions	(259)	-
Experience gains and losses on defined benefit obligations	32	(803)
Estimated benefits paid	(1,163)	(1,103)
Restriction on pension surplus	4,082	-
Defined benefit obligation at end of period	57,970	70,820
Changes to fair value of plan assets		
Fair value of assets at start of period	48,566	40,451
Interest on plan assets	781	570
Return on plan assets	2,076	7,000
Employer contributions	1,358	1,322
Contributions by scheme participants	352	326
Estimated benefits paid	(1,163)	(1,103)
Fair value of plan assets at end of period	51,970	48,566

These accounts show a past service cost of £Nil (2021: £Nil) in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is under 1% (2021: 1%) of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% higher, the defined benefit obligation would increase by approximately £260,000.

22 RELATED PARTY TRANSACTIONS - GROUP

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

The total expenses paid to or on behalf of the Governors during the year was £2,570 (2021: £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and charity events in their official capacity. Not all Governors claim the allowed expenses.

No Governor has received any remuneration or waived payments from the College During the year (2021: None).

23 AMOUNTS DISBURSED AS AGENT

Learner support funds

	2022 £000	2021 £000
Access Funds		
Funding body grants	672	862
Disbursed to and on behalf of students	(717)	(774)
Administration costs	-	-
Balance for year	(45)	88
Balance as at 1 August 2021	244	156
Balance as at 31 July 2022	199	244

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.

24 CONTINGENT ASSET - GROUP

The College and East Coast Energy Training Academy Limited are part of a VAT group. A partial exemption methodology has been agreed with HMRC. This can be applied retrospectively to historic returns. The Group is in the process of agreeing amended historic returns and previously unsubmitted returns with HMRC. If the submitted amended returns are accepted, the Group would receive a VAT refund of approximately £1,400,000 plus interest. An additional refund maybe received for the unsubmitted returns; however this amount has not been estimated at present by management. The Group has engaged professional advisers to assist with this process and consider that a refund is probable. However, the timing and amount of the refund remains uncertain. Thus, the contingent asset has not been recognised as it is not considered virtually certain for recognition in accordance with FRS 102.

25 EVENTS AFTER THE REPORTING PERIOD

On 29 November 2022 The Office for National Statistics has reclassified all colleges into the UK national accounts such that they are public sector bodies. Furthermore, this is expected to bring about changes in the Department for Education regulation of colleges. Management does not currently consider that the change will have a material impact on the College's Annual Report or its going concern assessment.

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Signature 1

Signed by stuart rimmer using authentication code JS40U2NOaUNjN3la at IP address 212.219.142.182, on 2022/12/14 15:04:23 Z.

stuart rimmer's e-mail address is: s.rimmer@eastcoast.ac.uk.

Signature 2

Signed by David Blake using authentication code TURyb3pTRzBkUSVZ at IP address 81.129.166.243, on 2022/12/15 19:20:20 Z.

David Blake's e-mail address is: david.911@me.com.

David Blake added the following comments:

"David J Blake"