



**East Coast College  
Annual Report and Financial Statements  
Year ended 31 July 2023**



# 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 14 to 16 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 2PJ

### Professional advisors:

#### Financial statements auditor and reporting accountants

SB Audit LLP  
Chartered Accountants and Statutory Auditor  
820 The Crescent  
Colchester Business Park  
Colchester  
Essex, CO4 9YQ

#### 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 2023.

#### 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 students 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

## **East Coast College Annual Report & Financial Statements 2022-23**

Community Hub a Technical Clean Energy Operations, Maintenance and Welding Academy

- 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
- 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 at 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

## **East Coast College Annual Report & Financial Statements 2022-23**

- 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 604 people (430.5 expressed as full-time equivalents), of whom 220 (164.3 expressed as full-time equivalents) are teaching staff.

The College enrolled approximately 4,000 students. The College's student population includes 2,466 16-to-18-year-old students, 796 apprentices, 333 higher education students and 66 international students.

The College has £216k of net current assets (2022: 3k of net current liabilities) long-term debt of £40.1 million (2022: £44.2 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 2022/23 the Best Companies staff survey ranked the College as seventh best in the education/training sector and the sixty fifth best large company to work for nationally.

### **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 website 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,

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who are Trustees of the Charity, are disclosed on pages 14 to 16. 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 approximately 4,000 students, including 219 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 796 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 surplus before other gains and losses of £0.2m. This was after release of a capital grant of £2.5m. This was an improvement on 2021/22 from a deficit of £1.9m.

#### **Cash flows and liquidity**

At £7.2m (2021/22 £3.8m), 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 2022/23, ESFA provided 56% of the Group's total income (compared to 68% in 2021/22).

#### **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 £176k (2021/22 £179k).

#### **Future developments**

The College is investigating a potential capital rebuilding programme, the DfE is exploring a capital development at the Great Yarmouth 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 2023 which sets objectives for the period to 2024. The College aims to maintain its health rating of 'Good' and achieve

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a small surplus in the year to 31 July 2024. 16-19 funding decreased in the year to 31 July 2023.

### 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 £6.5m (2022 surplus £5.9m).

The College had an unrecognised defined benefit pension scheme at 31 July 2023 of £9,486k (2022: £4,082). This has not been recognised because the realisation is not sufficiently certain.

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.

Risk registers are maintained at the strategic and tactical levels which are reviewed 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 2022/2023
Student number 16/18 targets	2,605	2,466
Student achievement	86%	81.1%
EBITDA as % of income education	6.05%	8.04%
Staff satisfaction response rate (via survey)	80%	77%
Ofsted rating	Good (self assessed)	Good (self assessed)
Financial Health Rating	Good	Good

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Staff costs as a percentage of adjusted income	70%	59.33%
Adjusted operating ratio	1	1.33
Debt service cover	2	6.48
Adjusted current ratio	1	1.16
Adjusted cash days	30	172

### Student achievements

Students continue to prosper at the College. Achievement rates remained high in 2022/23 and 65.5% 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 2022 to 31 July 2023, 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:

- 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.
- The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- 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.
- 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.

- 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.
- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.
- 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**

	<b>Year ending 31 March 2023</b>
Mean gender pay gap	14.27%
Median gender pay gap	23.28%
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:

	<b>Males</b>	<b>Females</b>
1 - Lower quartile	26%	74%
2 - Lower Middle Pay Quartile	31%	69%
3 - Upper Middle Pay Quartile	54%	46%
4 – Upper quartile	51%	49%

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.

<b>Number of employees in the relevant period</b>	6
<b>FTE employee number</b>	4.85

<b>Percentage of time</b>	<b>Number of employees</b>
0%	-
1-50%	6

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51-99%	-
100%	-

<b>Total cost of facility time</b>	£28,100
<b>Total pay bill</b>	£18,903k
<b>Percentage of total bill spent on facility time</b>	0.15%
<b>Time spent on paid trade union activities as a percentage of total paid facility time</b>	3 hours per week per union per campus

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 £5.0m of loans outstanding with bankers on terms negotiated in 2008. The terms for the existing agreements are for between 3 and 10 years. The College also has a further loan of £1.4m from the ESFA on terms negotiated in 2017. This is repayable by instalments over the next 3 years.

The College's 2023/24 budget forecasts a surplus that will result in the bank covenants being met during 2023/24. 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.

### RECLASSIFICATION OF COLLEGES

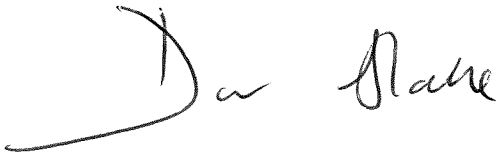
On 29<sup>th</sup> November 2022, the Office for National Statistics reclassified 174 Further Education and 44 Sixth Form College Corporations as central government, public sector organisations (retrospective to 1993).

Although colleges continue to be self-governing charities regulated by the Secretary of State for Education, reclassification to the government sector meant that there were new requirements for colleges relating to financial management oversight. This includes compliance with HM Treasury's Managing Public Money guidance, and while colleges remain responsible for setting the pay and terms and conditions for their workforce, reclassification also means that colleges will be subject to senior pay controls, as set out by HM Treasury. In response the Corporation has reviewed and revised its Treasury Management policies and Financial Regulations and other relevant policies. There have been no transactions for which DfE approval is required.

**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 19<sup>th</sup> December 2023 and signed on its behalf by:**

A handwritten signature in black ink, appearing to read 'D Blake', with a long horizontal stroke extending to the left.

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 2022 to 31 July 2023 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. The Board at its October 2023 meeting adopted the new AOC Code of Good Governance and this will be assessed against on 2023/24.

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 2023. This was partly assessed as through the Governance Self-Assessment and reviewed by the Governance Remuneration and Search Committee at its October 2023 meeting and is being reviewed through an External Board Review which commenced in September 2023.

### 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. All terms of office are for between 1 and 4 years, aligned to the academic year.

	Date of Appointment	Term of office expires	Date of resignation or end of term	Status of appointment	Committees served	Corporation Attendance in 2022/23
Alan Debenham	1 8 17 reappointed 1 8 19	31 7 23	31 7 23	Independent	People, and Governance Remuneration and Search	9/10
Tina Ellis	1 8 17 reappointed 1 8 19 reappointed 1 8 23	31 7 24		Independent	Governance Remuneration and Search, People Quality and Standards	9/10

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	Date of Appointment	Term of office expires	Date of resignation or end of term	Status of appointment	Committees served	Corporation Attendance in 2022/23
Rob Evans	1 8 17 reappointed 1 8 20 reappointed 1 8 21 reappointed 1 8 22 reappointed 1 8 23	31 7 24		Independent Senior Independent Director	Governance Remuneration and Search, and Audit	9/10
Saul Humphrey	1 8 17 Reappointed 31 7 21 reappointed 1 8 23	31 7 26		Independent	Curriculum Development, Estates	10/10
Stuart Rimmer	1 8 17	N/A		CEO/Principal	Quality and Standards, Finance and General Purposes, Estates, People, Curriculum Development and Governance Remuneration and Search	9/10
Peter Lavender	19 12 17 Reappointed as of 12 21	31 7 26		Independent	Quality and Standards and Curriculum Development	10/10
Giles Kerkham	1 4 19 reappointed 1 8 23	31 7 26		Independent	Audit	9/10
Mike Dowdall	1 2 19 reappointed 1 8 23	4 years 31 7 24		Independent	Finance and General Purposes, Estates and Curriculum Development	10/10
David Blake	1 11 20	31 7 25		Independent	Finance and General Purposes, Estates and Governance Remuneration and Search	8/10

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	Date of Appointment	Term of office expires	Date of resignation or end of term	Status of appointment	Committees served	Corporation Attendance in 2022/23
Kirk Lower	13 4 21 reappointed 1 8 23	31 7 24		Independent	Quality and Standards	9/10
Ian Lomax	13 4 21 Reappointed 21 2 23	31 7 24		Independent	Finance and General Purposes, Estates and Curriculum Development	10/10
Jude Owens	1 8 21 Reappointed 1 8 23	31 7 25		Independent	People	6/10
Nasima Begum	12 10 21	31 7 25		Staff Governor		7/10
Lewis Hanson	12 10 22	31 7 23	31 7 23	Student Governor	Curriculum Development	2/3
Teresa Sharman	21 3 23	31 7 24		Independent	Audit	2/3
Toni Wynn	21 3 23	31 7 25	24 5 23	Independent	Quality and Standards	2/2
Katie Alexander	20 2 23	31 7 24		Staff Governor		4/4
Andrew Timberlake	13 11 18	12 11 22		Staff Governor	Quality and Standards	0/2
Andrew Walmsley	1 8 21		10 11 22	Independent	Curriculum Development	1/2
Malcolm Goodwin	18 10 22 Reappointed 1 8 23	31 7 24	17 10 23	Independent	Quality and Standards and Curriculum Development	7/8

### 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,

## East Coast College Annual Report & Financial Statements 2022-23

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](mailto:w.stanger@eastcoast.ac.uk) or East Coast College Corporation, East Coast College, Rotterdam Road, Lowestoft, NR32 2PJ

Or on the College's web site at: [www.eastcoast.ac.uk](http://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, a Post Grad Diploma in Business Administration and during 2022/23 qualified as Chartered Governance Professional and was elected as a Fellow of the Chartered Governance Institute. The Board ensures that they receive appropriate development throughout the year including attendance at relevant governance conferences and network events together with relevant training and development. During the 2022/23 this included attendance at AOC Governance Professionals Annual Conference, Governance Professional's Development Workshops, Governance Professionals' Leadership Programme Alumni Event and various webinars covering subjects such as Ofsted, Meeting Local Needs, Board Reviews and reclassification.

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, Vice Chair 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 Financial Handbook and Development of FE Governance Qualifications. During 2022/23 the Director of Governance was appointed as a National Leader of Governance.

The Director of Governance provides the Board with a weekly governance update which includes college and sector briefings Governors attend the AOC Network events and the Chair is a member of the AOC Chairs Council and training is provided to cover areas identified as requiring development and an induction programme is in place for new governors. Training has included in 2022/23 AOC induction, AOC Regional Governor Conference, ETF online Governor Development Programme, Ofsted, Inclusive Language, ECC Induction, Reclassification, Accountability Agreements and curriculum review.

## **East Coast College Annual Report & Financial Statements 2022-23**

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 and Governor Appointed Roles**

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 in 2022/23 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 2022/23 and will continue into 2023/24.

At a Special Board Meeting on 29 11 23 the Corporation resolved to:

"Appoint the Deputy Chief Executive as Interim Accounting Officer for an initial period up to the Board meeting on 19 12 23 where the position will be reviewed."

All references to Accounting Officer should be read to include Interim Accounting Officer.

### **Corporation performance**

The Corporation annually undertakes a formal and rigorous evaluation on the effectiveness of its performance, that of its committees and individual Governors. For 2022/23 this has been a light touch review as an External Board Review commenced in September 2023.

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

1. Annual Review of Committees and Committee Chairs.
2. Annual Attendance Review
3. Annual training and Development Review
4. Annual Skills Audit
5. Governor Feedback through review meetings with the Chair and Director of Governance
6. Chairs Appraisal.

### Governance, Remuneration and Search Committee

Throughout the year ended 31 July 2023 the College's Governance Remuneration and Search Committee comprised five members of the Corporation.

The Governance Remuneration and Search Committee held additional meetings during 2022/23 which included recruitment, succession planning and remuneration reviews.

Membership and attendance during the 2022/23 period was:

	Attendance
David Blake (Corporation Chair)	8/8
Rob Evans (Senior Independent Director)	6/8
Alan Debenham (People Committee Chair)	6/8
Tina Ellis	6/8
Stuart Rimmer (CEO)	3/5

giving an overall attendance rate of 78%.

The Corporation's minimum attendance rate is 80%.

The Committee's responsibilities 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, see <https://www.eastcoast.ac.uk/corporation-governors/financial/>.

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

### Audit Committee

The Audit Committee is comprised of independent members, including associates. The following are ineligible to be members of the Committee:

- The Principal and other Senior Post Holders;
- 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.

## East Coast College Annual Report & Financial Statements 2022-23

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 2023, on 11/10/2022, 07/12/2022, 03/05/2023 and 05/07/2023. The members of the Audit Committee and their attendance records are shown below.

Membership during the 2022/23 period was:

	Attendance
Giles Kerkham (Chair)	4/4
Rob Evans	4/4
Teresa Sharman (Appointed 21/3/23)	3/3
Roland Kaye (Associate Member of Audit Committee)	4/4
Christina Sadler (Associate Member of Audit Committee, resigned 13/12/22)	1/1
David Shaw (Associate Member of Audit Committee)	2/4

giving an overall attendance rate of 90%.

### 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 Accountability 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

## **East Coast College Annual Report & Financial Statements 2022-23**

internal control has been in place in East Coast College for the year ended 31 July 2023 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 2023 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.

### **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. 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.

## **East Coast College Annual Report & Financial Statements 2022-23**

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.

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 2022/23 were effective

The specific areas of work undertaken by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements included:

- Review of Internal Audits and Advisory Audits on Funding Assurance, and Fraud
- Internal Audit – Follow up Audit which concluded that reasonable progress had been made in implementing Audit Recommendations.
- Revision of Policies

## East Coast College Annual Report & Financial Statements 2022-23

- External Audit Tender
- Annual Accounts – Governance Statement and Management Letter
- Update on College Accounts Direction 2022 to 2023 and Post-16 Audit Code of Practice 2022/23
- 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 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2023.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the 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"*.

East Coast College Annual Report & Financial Statements 2022-23

Approved by order of the members of the Corporation on 19<sup>th</sup> December 2023 and signed on its behalf by:



Mr D Blake  
Corporation Chair



Mrs U Rasan  
Deputy Chief Executive and Interim  
Accounting Officer

## East Coast College

### Statement of Regularity, Propriety and Compliance

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

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

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



Urmila Rasan

Interim Accounting Officer

19 December 2023

### Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

David Blake

Chair of Governors

19 December 2023



# 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.

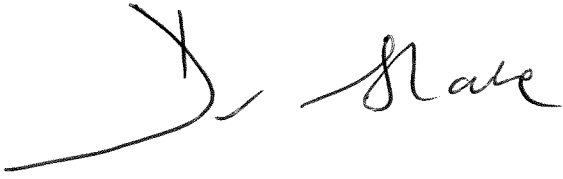
Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA are used only in 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.

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

## East Coast College Annual Report & Financial Statements 2022-23

funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on **19<sup>th</sup> December 2023** and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D Blake', written in a cursive style.

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 2023 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 2022 to 2023* 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 2023 and of its surplus 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

## **East Coast College Annual Report & Financial Statements 2022-23**

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.

## East Coast College Annual Report & Financial Statements 2022-23

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.

## East Coast College Annual Report & Financial Statements 2022-23

### 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.

SB Audit LLP

SB Audit LLP

Chartered Accountants and Statutory Auditor

820 The Crescent

Colchester Business Park

Colchester

Essex

CO4 9YQ

Date: 21/12/23

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

### **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.

## East Coast College Annual Report & Financial Statements 2022-23

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 2022 to 31 July 2023.
- 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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

SB Audit LLP

SB Audit LLP  
Chartered Accountants and Statutory Auditor  
820 The Crescent  
Colchester Business Park  
Colchester  
Essex  
CO4 9YQ

Date: 21/12/23

# East Coast College Annual Report & Financial Statements 2022-23

## CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2023

	Notes	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Income</b>					
Funding body grants	2	21,926	21,926	19,078	19,078
Tuition fees and education contracts	3	5,153	5,153	4,358	4,358
Other grants and contracts	4	2,861	2,861	1,174	1,174
Other income	5	3,697	3,415	2,380	2,126
Investment income	6	151	151	-	-
<b>Total income</b>		<b>33,788</b>	<b>33,506</b>	26,990	26,736
<b>Expenditure</b>					
Staff costs	7	18,903	18,903	18,374	18,305
Other operating expenses	8	10,050	9,769	7,682	7,498
Depreciation	11	4,181	4,179	2,067	2,063
Interest and other finance costs	9	454	454	805	805
<b>Total expenditure</b>		<b>33,588</b>	<b>33,305</b>	28,928	28,671
<b>Surplus/(deficit) for the year before other gains and losses</b>		<b>200</b>	<b>201</b>	(1,938)	(1,935)
Loss on disposal of tangible fixed assets		-	-	(45)	(45)
<b>Surplus/(deficit) for the year</b>		<b>200</b>	<b>201</b>	(1,983)	(1,980)
Actuarial gain in respect of pension schemes	21	215	215	24,404	24,404
<b>Total Comprehensive income for the year</b>		<b>415</b>	<b>416</b>	22,421	22,424

The total comprehensive income 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 2023**

<b>Group</b>	<b>Income and expenditure account £000</b>	<b>Restricted Reserves £000</b>	<b>Revaluation Reserve £000</b>	<b>Total £000</b>
<b>Balance at 1 August 2021</b>	(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
<b>Total comprehensive income for the year</b>	<b>22,702</b>	<b>2</b>	<b>(281)</b>	<b>22,423</b>
<b>Balance at 31 July 2022</b>	<b>5,953</b>	<b>192</b>	<b>2,768</b>	<b>8,913</b>
Surplus from the income and expenditure account	200	-	-	200
Other comprehensive income	215	-	-	215
Transfers between revaluation and income and expenditure reserves	85	-	(85)	-
Net movement in restricted reserves	-	51	-	51
<b>Total comprehensive income for the year</b>	<b>500</b>	<b>51</b>	<b>(85)</b>	<b>466</b>
<b>Balance at 31 July 2023</b>	<b>6,453</b>	<b>243</b>	<b>2,683</b>	<b>9,379</b>

# East Coast College Annual Report & Financial Statements 2022-23

## CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2023

College	Income and expenditure account £000	Restricted Reserves £000	Revaluation Reserve £000	Total £000
<b>Balance at 1 August 2021</b>	(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
<b>Total comprehensive income for the year</b>	22,705	2	(281)	22,426
<b>Balance at 31 July 2022</b>	<b>5,608</b>	<b>192</b>	<b>2,768</b>	<b>8,568</b>
Surplus from the income and expenditure account	201	-	-	201
Other comprehensive income	215	-	-	215
Transfers between revaluation and income and expenditure reserves	85	-	(85)	-
Net movement in restricted reserves	-	51	-	51
<b>Total comprehensive income for the year</b>	<b>501</b>	<b>51</b>	<b>(85)</b>	<b>467</b>
<b>Balance at 31 July 2023</b>	<b>6,109</b>	<b>243</b>	<b>2,683</b>	<b>9,035</b>

# East Coast College Annual Report & Financial Statements 2022-23

## CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2023

	Notes	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Non-current assets</b>					
Tangible fixed assets	11	49,484	49,482	53,364	53,360
Investments	12	-	1	-	1
		<u>49,484</u>	<u>49,483</u>	<u>53,364</u>	<u>53,361</u>
<b>Current assets</b>					
Trade and other receivables	13	2,077	3,035	988	1,354
Cash and cash equivalents	18	14,054	12,636	7,488	6,414
		<u>16,131</u>	<u>15,671</u>	<u>8,476</u>	<u>7,768</u>
<b>Total current assets</b>		<b>16,131</b>	<b>15,671</b>	<b>8,476</b>	<b>7,768</b>
<b>Creditors - amounts falling due within one year</b>	14	<b>(15,915)</b>	<b>(15,798)</b>	<b>(8,479)</b>	<b>(8,113)</b>
		<u>216</u>	<u>(127)</u>	<u>(3)</u>	<u>(345)</u>
<b>Net current assets/(liabilities)</b>		<b>216</b>	<b>(127)</b>	<b>(3)</b>	<b>(345)</b>
<b>Total assets less current liabilities</b>		<b>49,700</b>	<b>49,356</b>	<b>53,361</b>	<b>53,016</b>
Creditors: amounts falling due after more than one year	15	(40,146)	(40,146)	(44,235)	(44,235)
<b>Provisions</b>					
Defined benefit pension obligations	17	-	-	-	-
Other provisions	17	(175)	(175)	(213)	(213)
		<u>9,379</u>	<u>9,035</u>	<u>8,913</u>	<u>8,568</u>
<b>Net assets</b>		<b>9,379</b>	<b>9,035</b>	<b>8,913</b>	<b>8,568</b>

## East Coast College Annual Report & Financial Statements 2022-23

### CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2023

Notes	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Restricted reserves</b>	<b>243</b>	<b>243</b>	192	192
<b>Unrestricted reserves</b>				
Income and expenditure account	6,453	6,109	5,953	5,608
Revaluation reserve	2,683	2,683	2,768	2,768
	<u>9,136</u>	<u>8,792</u>	<u>8,721</u>	<u>8,376</u>
<b>Total reserves</b>	<u><u>9,379</u></u>	<u><u>9,035</u></u>	<u><u>8,913</u></u>	<u><u>8,568</u></u>

The financial statements on pages 33 to 63 were approved and authorised for issue by the Corporation of East Coast College on 19 December 2023 and were signed on its behalf on that date by:



**Mr D Blake**  
Corporation Chair



**Mrs U Rasan**  
Principal, Chief Executive and  
Interim Accounting Officer

# East Coast College Annual Report & Financial Statements 2022-23

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 JULY 2023

	Notes	2023 £000	2022 £000
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		200	(1,983)
<b>Adjustment for non-cash items</b>			
Depreciation		4,181	2,067
Loss on disposal of tangible fixed assets		-	45
Increase in debtors		(1,089)	(485)
Increase in creditors		5,791	1,760
Pension costs less contributions payable		286	1,734
Release of deferred capital grants		(2,464)	(280)
<b>Adjustment for investing and financing activities</b>			
Interest receivable		(151)	-
Interest payable		454	805
<b>Net cash flow generated from operating activities</b>		<u>7,208</u>	<u>3,663</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	8
Payments made to acquire tangible fixed assets		(1,884)	(1,322)
Restricted funds received		51	2
Interest received		35	-
		<u>(1,798)</u>	<u>(1,312)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(489)	(459)
Repayment of amounts borrowed		(867)	(1,002)
Capital grants received		2,512	-
		<u>1,156</u>	<u>(1,461)</u>
<b>Increase in cash and cash equivalents in the year</b>		<u>6,566</u>	<u>890</u>
Cash and cash equivalents at the beginning of the year	18	<u>7,488</u>	<u>6,598</u>
Cash and cash equivalents at the end of the year	18	<u>14,054</u>	<u>7,488</u>

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2023**

**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 2022/23 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 £5,040,000 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 4 and 10 years. The College also has a further loan of £1,360,000 from the ESFA on terms negotiated in 2017. This is repayable by instalments over the next 3 years.

The College's 2023/24 budget forecasts a surplus that will result in the bank covenants being met during 2023/24. 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 2023/24.

## **East Coast College Annual Report & Financial Statements 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 £1,000 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

## **East Coast College Annual Report & Financial Statements 2022-23**

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.

## East Coast College Annual Report & Financial Statements 2022-23

- 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 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 assets resulted in the useful economic lives of various assets being shortened. This resulted in an increase in the depreciation charge for the year of £895,000. The review also identified that some of the deferred capital grants were not being recognised over the correct periods. This resulted in an increase in the capital grant income for the year of £1,160,000.

- *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 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## East Coast College Annual Report & Financial Statements 2022-23

### 2 FUNDING BODY GRANTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Recurrent grants</b>				
Education and Skills Funding Agency – adult	1,661	1,661	1,756	1,756
Education and Skills Funding Agency – 16-18	15,652	15,652	15,225	15,225
Education and Skills Funding Agency - apprenticeships	1,631	1,631	1,600	1,600
<b>Specific grants</b>				
Teacher Pension Scheme contribution grant	518	518	402	402
Releases of Government capital grants	2,464	2,464	95	95
	<u>21,926</u>	<u>21,926</u>	<u>19,078</u>	<u>19,078</u>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Adult education fees	626	626	158	158
Apprenticeship contracts	168	168	53	53
Fees for FE Loan supported courses	575	575	561	561
Fees for HE Loan supported courses	2,129	2,129	2,231	2,231
<b>Total tuition fees</b>	<u>3,498</u>	<u>3,498</u>	<u>3,003</u>	<u>3,003</u>
Education contracts	<u>1,655</u>	<u>1,655</u>	<u>1,355</u>	<u>1,355</u>
<b>Total</b>	<u>5,153</u>	<u>5,153</u>	<u>4,358</u>	<u>4,358</u>

### 4 OTHER GRANTS AND CONTRACTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Learning support and bursary	438	438	327	327
European Commission	2,167	2,167	768	768
Other grant income	256	256	71	71
Coronavirus Job Retention Scheme grant	-	-	8	8
	<u>2,861</u>	<u>2,861</u>	<u>1,174</u>	<u>1,174</u>

## East Coast College Annual Report & Financial Statements 2022-23

### 5 OTHER INCOME

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Catering and residences	702	702	609	609
Other income generating activities	992	344	1,245	584
Miscellaneous income	2,003	2,369	526	933
	<u>3,697</u>	<u>3,415</u>	<u>2,380</u>	<u>2,126</u>

The College and its subsidiary are part of a VAT group. A partial exemption methodology has been agreed with HMRC. This can be applied retrospectively to historic returns. During the year, the Group agreed amended historic and previously unsubmitted returns to HMRC. They included an £1,889,000 receivable by the College and £190,000 net payable by the subsidiary. These amounts are included in miscellaneous income.

### 6 INVESTMENT INCOME

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Other interest receivable	35	35	-	-
Net interest on pension scheme (note 21)	116	116	-	-
	<u>151</u>	<u>151</u>	<u>-</u>	<u>-</u>

### 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:

	2023 Number	2022 Number
Teaching staff	218	229
Non-teaching staff	391	371
	<u>609</u>	<u>600</u>

## East Coast College Annual Report & Financial Statements 2022-23

### Staff costs

	2023 £000	2022 £000
Wages and salaries	14,311	12,826
Social security costs	1,289	1,151
Other pension costs (note 21)	3,036	4,397
	<u>18,636</u>	<u>18,374</u>
Contracted out staffing costs	267	-
	<u>18,903</u>	<u>18,374</u>
Total Staff costs	<u><u>18,903</u></u>	<u><u>18,374</u></u>

The Group operates the cycle to work scheme. The Group had salary sacrifice arrangements in place for childcare vouchers until August 2022.

### 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 CEO/Principal, Deputy Principals 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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

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	
	2023	2022	2023	2022
£40,001 to £45,000	1	1	-	-
£50,001 to £55,000	1	-	-	-
£55,001 to £60,000	-	1	-	-
£60,001 to £65,000	-	-	4	1
£80,001 to £85,000	-	2	-	-
£85,001 to £90,000	2	-	-	-
£90,001 to £95,000	-	-	-	1
£120,001 to £125,000	-	1	-	-
£130,001 to £135,000	1	-	-	-
£150,001 to £155,000	-	1	-	-
£180,001 to £185,000	1	-	-	-
	<u>6</u>	<u>6</u>	<u>4</u>	<u>2</u>

## East Coast College Annual Report & Financial Statements 2022-23

Key management personnel compensation is made up as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Basic salary	<b>567</b>	462
Performance related pay and bonus	<b>18</b>	-
Pension contributions	<b>129</b>	105
	<hr/>	<hr/>
Total key management personnel compensation	<b>714</b>	567
	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>2023</b>	2022
	<b>£000</b>	£000
Basic salaries	<b>163</b>	152
Performance related pay and bonus	<b>18</b>	-
Pension contributions	<b>42</b>	36
	<hr/>	<hr/>
	<b>223</b>	188
	<hr/> <hr/>	<hr/> <hr/>

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 Governance Remuneration and Search Committee of the governing body who use benchmarking information to provide objective guidance and where required legal HR advice.

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

	<b>2023</b>	2022
Principal's basic salary as a multiple of the median of all staff	<b>6.6</b>	5.9
	<hr/> <hr/>	<hr/> <hr/>
Principal's total remuneration as a multiple of the median of all staff	<b>7.3</b>	5.9
	<hr/> <hr/>	<hr/> <hr/>

## East Coast College Annual Report & Financial Statements 2022-23

### Severance payments

The College/Group paid 5 severance payments during the year, in the following bands:

	Key management personnel		Other Staff	
	2023	2022	2023	2022
£0 to £25,000	-	-	5	2
	<u>-</u>	<u>-</u>	<u>5</u>	<u>2</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5</u></u>	<u><u>2</u></u>

### Corporation members

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 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Teaching costs	2,395	2,160	1,757	1,643
Non-teaching costs	4,895	4,849	3,941	3,871
Premises costs	2,760	2,760	1,984	1,984
	<u>10,050</u>	<u>9,769</u>	<u>7,682</u>	<u>7,498</u>
	<u><u>10,050</u></u>	<u><u>9,769</u></u>	<u><u>7,682</u></u>	<u><u>7,498</u></u>

Other operating expenses include:

	2023 £000	2022 £000
Auditor's remuneration:		
- Financial statements audit	43	31
- Other services provided by the financial statements auditor	3	2
Hire of assets under operating leases	98	74
	<u>98</u>	<u>74</u>
	<u><u>98</u></u>	<u><u>74</u></u>

## 9 INTEREST AND OTHER FINANCE COSTS

	2023 £000	2022 £000
On bank loans, overdrafts and other loans	447	431
Net interest on defined pension liability (note 21)	-	370
Net interest on enhanced pension provision	7	4
	<u>454</u>	<u>805</u>
	<u><u>454</u></u>	<u><u>805</u></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
<b>Cost or valuation</b>				
At 1 August 2022	68,720	14,978	1,011	84,709
Reclassifications	(190)	(96)	-	(286)
Additions	1,212	603	-	1,815
Disposals	-	-	-	-
Transfers	-	857	(857)	-
VAT adjustment	(1,616)	-	-	(1,616)
At 31 July 2023	68,126	16,342	154	84,622
<b>Depreciation</b>				
At 1 August 2022	21,432	9,913	-	31,345
Reclassifications	(322)	36	-	(286)
Charge for the year	2,658	1,523	-	4,181
Disposals	-	-	-	-
VAT adjustment	(102)	-	-	(102)
At 31 July 2023	23,666	11,472	-	35,138
<b>Net book values</b>				
At 31 July 2023	44,460	4,870	154	49,484
At 31 July 2022	47,288	5,065	1,011	53,364

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## College

	Freehold Land and Buildings	Equipment	Assets in the course of construction	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 August 2022	68,720	14,819	1,011	84,550
Reclassifications	(190)	(96)	-	(286)
Additions	1,212	603	-	1,815
Disposals	-	-	-	-
Transfers	-	857	(857)	-
VAT adjustment	(1,616)	-	-	(1,616)
At 31 July 2023	68,126	16,183	154	84,463
<b>Depreciation</b>				
At 1 August 2022	21,432	9,758	-	31,190
Reclassifications	(322)	36	-	(286)
Charge for the year	2,658	1,521	-	4,179
Disposals	-	-	-	-
VAT adjustment	(102)	-	-	(102)
At 31 July 2023	23,666	11,315	-	34,981
<b>Net book values</b>				
At 31 July 2023	44,460	4,868	154	49,482
At 31 July 2022	47,288	5,061	1,011	53,360

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.

Management performed a detailed review of the fixed asset register during the year. This identified various classification errors. Reclassifications have been made between both asset classes, and cost and depreciation to correct the errors. This has not affected the net book value. Management considers that the fixed asset register is now correct, and no further adjustments are required.

The VAT adjustment per note 5 included £1,616,000 of input VAT on the College's land and buildings. The capitalisation of this amount together with the accumulated depreciation charged thereon of £102,000 have been reversed.

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### 12 INVESTMENTS – College only

	2023 £000	2022 £000
<b>Amounts falling due within one year:</b>		
Investment in subsidiary undertaking	1	1
	<u>1</u>	<u>1</u>

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 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Amounts falling due within one year:</b>				
Trade receivables	419	278	435	263
VAT recoverable	1,269	1,269	-	-
Amounts owed by subsidiary undertakings	-	1,123	-	549
Prepayments and accrued income	389	365	553	542
	<u>2,077</u>	<u>3,035</u>	<u>988</u>	<u>1,354</u>

The VAT recoverable reflects the unrecovered balance of the VAT adjustment per note 5. The College received a further £1,098,000 from HMRC on 2 August 2023. Management expects the remaining £171,000 to be recovered in full.

### 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Bank loans	450	450	425	425
Other loan	493	493	492	492
Trade creditors	763	684	1,121	1,096
Other taxation and social security	293	293	667	353
Other creditors	305	305	282	282
Holiday pay accrual	138	138	157	157
Deferred income – Government capital grants	1,825	1,825	95	95
Accruals and deferred income	11,648	11,610	5,240	5,213
	<u>15,915</u>	<u>15,798</u>	<u>8,479</u>	<u>8,113</u>

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Bank loans	4,590	4,590	4,995	4,995
Deferred income				
– Government capital grants	34,689	34,689	37,885	37,885
Other loan	867	867	1,355	1,355
	<u>40,146</u>	<u>40,146</u>	<u>44,235</u>	<u>44,235</u>

**16 MATURITY OF DEBT**

**(a) Bank loans and overdrafts**

Bank loans are repayable as follows:

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
In one year or less	450	450	425	425
Between one and two years	476	476	446	446
Between two and five years	1,500	1,500	1,473	1,473
In five years or more	2,614	2,614	3,076	3,076
	<u>5,040</u>	<u>5,040</u>	<u>5,420</u>	<u>5,420</u>

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

Loan 1 - £190,000 repayable by instalments falling due between 1 August 2023 and 30 September 2026 and subject to interest of 6.6% per annum.

Loan 2 - £2,539,000 repayable by instalments falling due between 1 August 2023 and 1 September 2033 and subject to interest of 6.19% per annum.

Loan 3 - £2,311,000 repayable by instalments falling due between 1 August 2023 and 1 September 2033 and subject to interest of 6.38% per annum.

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### (b) Other loan

The other loan is repayable as follows:

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
In one year or less	493	493	492	492
Between one and two years	493	493	492	492
Between two and five years	374	374	863	863
In five years or more	-	-	-	-
	<u>1,360</u>	<u>1,360</u>	<u>1,847</u>	<u>1,847</u>

The loan is repayable by instalments falling due between 18 October 2023 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 2022	-	213	213
Utilised in the year	-	(38)	(38)
At 31 July 2023	<u>-</u>	<u>175</u>	<u>175</u>

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

	2023	2022
Price inflation (CPI)	2.80%	2.90%
Discount rate	5.00%	3.30%

### 18 CASH AND CASH EQUIVALENTS - GROUP

	At 1 August 2022 £000	Cashflows £000	Other Changes £000	At 31 July 2023 £000
Cash and cash equivalents	<u>7,488</u>	<u>6,566</u>	<u>-</u>	<u>14,054</u>

## 19 CAPITAL AND OTHER COMMITMENTS – GROUP AND COLLEGE

	2023 £000	2022 £000
Commitments contracted for at 31 July	<u>154</u>	<u>285</u>

## 20 LEASE OBLIGATIONS - GROUP

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

Future minimum lease payments due	2023 £000	2022 £000
Other		
Not later than one year	97	89
Later than one year and not more than five years	<u>174</u>	<u>212</u>
	<u>271</u>	<u>301</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

	2023 £000	2023 £000	2022 £000	2022 £000
TPS: Contributions payable		1,256		1,305
LGPS: Contributions paid	1,494		1,358	
FRS 102 charge	<u>331</u>		<u>1,780</u>	
		1,825		3,138
Enhanced pension provision		(45)		(46)
<b>Total pension cost for the year within staff costs</b>		<u>3,036</u>		<u>4,397</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 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £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 2022-23 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 £1,256,000 (2022: £1,305,000).

The actuarial TPS valuation results, as at 31 March 2020, were released in October 2023 and confirms that employer contributions will increase by 5% with effect from 1 April 2024. The ESFA have stated that this will be funded for 2024-25 but have made no further commitment.

### 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 2023 was £1,874,000 (2022: £1,710,000) of which employer's contributions totalled £1,494,000 (2022: £1,358,000) and employees' contributions totalled £380,000 (2022: £352,000). 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 2023, by a qualified independent actuary.

### Norfolk County Council

	At 31.7.23	At 31.7.22
Rate of increase in salaries	3.70%	3.40%
Future pension increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumptions (CPI)	3.00%	2.70%
Commutation of pensions to lump sums – pre-April 2008 service	45%	50%
Commutation of pensions to lump sums – post April 2008 service	45%	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 31.7.23	At 31.7.22
Retiring today:		
Males	21.20	21.70
Females	23.50	24.10
Retiring in 20 years:		
Males	21.50	22.90
Females	25.40	26.00
	<u>21.20</u>	<u>21.70</u>
	<u>23.50</u>	<u>24.10</u>

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

	% total plan assets at 31 July 2023	Fair Value at 31.7.23 £000	% total plan assets at 31 July 2022	Fair Value at 31.7.22 £000
Equities	51%	11,947	48%	11,269
Other bonds	35%	8,199	38%	8,922
Property	12%	2,811	12%	2,817
Cash	2%	469	2%	470
<b>Total market value of assets</b>		<u>23,426</u>		<u>23,478</u>

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### Suffolk County Council

	At 31.7.23	At 31.7.22
Rate of increase in salaries	4.00%	3.40%
Future pension increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.40%
Inflation assumptions (CPI)	3.00%	3.50%
Commutation of pensions to lump sums – pre-April 2008 service	55%	25%
Commutation of pensions to lump sums – post April 2008 service	55%	63%

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

	At 31.7.23	At 31.7.22
Retiring today:		
Males	20.40	21.90
Females	23.80	24.30
Retiring in 20 years:		
Males	21.90	22.90
Females	25.60	26.10

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

	% total plan assets at 31 July 2023	Fair Value at 31.7.23  £000	% total plan assets at 31 July 2022	Fair Value at 31.7.22  £000
Equities	66%	19,155	66%	18,805
Other bonds	25%	7,256	24%	6,838
Property	8%	2,322	10%	2,849
Cash	1%	289		-
<b>Total market value of assets</b>		<b>29,022</b>		<b>28,492</b>

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

	2023 £000	2022 £000
Fair value of plan assets	52,448	51,970
Present value of plan liabilities	(42,962)	(47,888)
Restriction on pension surplus	(9,486)	(4,082)
<b>Net pensions liability (Note 17)</b>	<b>-</b>	<b>-</b>

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

	2023 £000	2022 £000
<b>Amounts included in staff costs</b>		
Current service cost	1,825	3,132
Past service cost	-	6
<b>Total</b>	<u>1,825</u>	<u>3,138</u>
<b>Amounts included in interest and other finance costs</b>		
Net interest cost	<u>-</u>	<u>370</u>
<b>Amounts included in investment income</b>		
Net interest income	<u>116</u>	<u>-</u>
<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension plan assets	(587)	2,076
Experience losses	(6,252)	(32)
Changes in assumptions	12,458	26,442
Restriction on pension surplus	(5,404)	(4,082)
<b>Amount recognised in Other Comprehensive Income</b>	<u>215</u>	<u>24,404</u>
<b>Movement in net defined benefit liability</b>		
Net defined benefit in scheme at 1 August	-	(22,254)
Movement in year:		
Current service cost	(1,825)	(3,132)
Past service cost	-	(6)
Employer contributions	1,393	1,254
Contributions in respect of unfunded benefits	101	104
Net interest on the defined liability	116	(370)
Gross actuarial gain	5,619	28,486
Restriction on pension surplus	(5,404)	(4,082)
<b>Net defined benefit liability at 31 July</b>	<u>-</u>	<u>-</u>

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### Local Government Pension Scheme

#### Asset and liability reconciliation

	2023 £000	2022 £000
<b>Changes in the present value of defined benefit obligation</b>		
Defined benefit obligation at start of period	51,970	70,820
Current service cost	1,825	3,132
Past service cost	-	6
Interest cost	1,691	1,151
Contributions by scheme participants	380	352
Change in financial assumptions	(12,251)	(26,183)
Change in demographic assumptions	(207)	(259)
Experience losses	4,912	32
Estimated benefits paid	(1,276)	(1,163)
Restriction on pension surplus	5,404	4,082
<b>Defined benefit obligation at end of period</b>	<b>52,448</b>	<b>51,970</b>
<b>Changes to fair value of plan assets</b>		
Fair value of assets at start of period	51,970	48,566
Interest on plan assets	1,807	781
Return on plan assets	(587)	2,076
Other experience	(1,340)	-
Employer contributions	1,393	1,358
Contributions by scheme participants	380	352
Estimated benefits paid	(1,175)	(1,163)
<b>Fair value of plan assets at end of period</b>	<b>52,448</b>	<b>51,970</b>

These accounts show a past service cost of £Nil (2022: £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% (2022: 1%) of the total scheme liability as at 31 July 2023. 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 £235,000.

## 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 £2,428 (2022: £2,570). 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 (2022: None).

## 23 AMOUNTS DISBURSED AS AGENT

### Learner support funds

	2023 £000	2022 £000
<b>Access Funds</b>		
Funding body grants	556	672
Disbursed to and on behalf of students	(590)	(717)
Administration costs	(27)	-
<b>Balance for year</b>	<b>(61)</b>	<b>(45)</b>
Balance as at 1 August 2022	199	244
<b>Balance as at 31 July 2023</b>	<b>138</b>	<b>199</b>

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.