

City of Sunderland College

Members' Report and Financial Statements for the year ended 31 July 2021

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City of Sunderland College

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KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the Group's Leadership Team and were represented by the following in 2020/21:

Ellen Thinnesen	Chief Executive Officer and Accounting Officer
Nigel Harrett	Principal of Northumberland College
Toni Rhodes	Principal of Sunderland College and Hartlepool Sixth Form (appointed 5 th July 2021)
David Howells	Chief Operating Officer

Board of Governors

A full list of Governors is given on pages 23 to 25 of these financial statements.

C Stretesky acted as Clerk to the Corporation for the period from 1 August 2020 to 31st July 2021.

Professional advisers

Financial statement and regularity auditor

MHA Tait Walker
Chartered Accountants and Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Bankers

Bank of Scotland
300 Lawnmarket
Edinburgh
EH1 2PH

Solicitors

Womble Bond Dickinson
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

OPERATING AND FINANCIAL REVIEW

Nature, objectives and strategies

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

Legal status

City of Sunderland College ("the College") was formed in 1996 from the merger of Monkwearmouth and Wearside colleges which were Corporations established under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated in 1996 as City of Sunderland College.

On 1 August 2017 City of Sunderland College merged with Hartlepool Sixth Form College and more recently, on 22 March 2019, with Northumberland College. The College has re-branded and is trading as Education Partnership North East (EPNE), as Sunderland College, Hartlepool Sixth Form College and Northumberland College.

Public benefit

City of Sunderland College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body are disclosed on pages 23 to 25.

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

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent positive destination results for students
- Strong student support systems
- Strong links with employers, industry and commerce.

The delivery of public benefit is covered throughout the Members' Report.

Vision

The 2019-2023 Strategic Plan, launched during the course of the 2018-19 financial year aspires to put "Excellence at the heart of everything we do".

Our vision embeds the notion of 'going beyond' and expresses our ambition to do more, achieve more, go the extra mile and create new horizons.

Our vision is ambitious, bold, and challenging, focussed on enhancing stature, reputation and influence, being a college group of preference for a wider range of students, staff and partners; and achieving growth and a step change in our collective performance.

Strategic ambitions

Our vision and mission will be achieved through the pursuance of five strategic ambitions which will direct all of our activity over the next two years – the remaining life of the plan:

1. Invest in and continue to shape our careers focused curriculum;
2. Maintain an unwavering focus on providing outstanding learning opportunities for students;
3. Unite our culture & empowering our people;
4. Strengthen our financial resilience & invest in our resources; and
5. Engage locally, regionally and nationally and build our reputation.

These ambitions have been developed and shaped with the production of individual plans for each goal, in order to set out further the key elements of the Groups ambitions over the remaining life of the plan.

Goal 1: Invest in and continue to shape our careers focused curriculum

Our focus is providing curriculum pathways that meet the current and future demands of the national, regional and local labour market.

The College prides itself on having an employer informed curriculum portfolio; it is vital this continues.

The College delivers a broad and balanced further and higher education curriculum. We are deeply committed to continual investment in our distinct specialisms aligned to a number of economic priority areas. These include:

- Engineering and Automotive;
- Science and Manufacturing;
- Construction Industries;
- Health, Care, Life Sciences and Sport;
- Digital and Computing Technologies;
- Business and Tourism Industries;
- Creative Industries;
- Education, including Special Education Needs;
- Veterinary science, animal management agriculture; and
- Energy and renewables.

As the lead College for the NE Careers Hub and an advocate for the Gatsby Good Career benchmarks, City of Sunderland College invests in and shapes a comprehensive curriculum in line with national, regional, and local skills needs. This means we deliver a career focussed curriculum at all levels, progressing students and apprentices through academic and/or technical routes into meaningful employment.

During our last OFSTED, inspectors said; “highly effective” and “close collaboration with key partners within the region results in a coherent and continuously updated curriculum aligned closely to local and regional priorities. Curriculum managers use detailed and extensive information about learners’ destinations to inform curriculum planning and to ensure the effectiveness of information, advice and guidance in guiding learners to the right courses and levels”.

Our new T-Level curriculum has the potential to create a powerful technical education strategy for the NE and Tees Valley. We are deeply committed to investing in physical resources (particularly including enabling digital technologies) along with ongoing development of technical experts through our established employer led professional development framework. Plans include almost £5million investment in T-Level facilities within several areas up to 2022.

City of Sunderland College is a key agent of economic growth and recovery, which is vital to the development and recovery of the North East. Our curriculum is focussed on providing breadth, depth and a range of technical/ vocational qualifications underpinned by inclusiveness, skills and employability. Provision is focussed on the ambitions of Government, local, regional and national needs; our prioritisation of skills development, employability and careers as strategic focus is extremely important.

Goal 2: Maintain an unwavering focus on providing outstanding learning opportunities for our students

We place students at the heart of everything, focusing on creating and sustaining a transformative student experience, attracting and retaining students.

We aspire for all student and apprentice outcomes to be within the very top tier of Colleges nationally and will continue to work towards this aspiration. Whilst a strong curriculum is essential, so is the quality of teaching and learning.

Prioritising quality, City of Sunderland College has invested in a quality model which brings together expert practitioners and harnesses sharing of practice for continued innovation across the group. Our investment makes a difference. For example, OFSTED said "Teachers share their love of, and enthusiasm for, their subjects. Teachers ensure that well-structured and carefully prepared learning activities enable most learners and apprentices to enjoy their college and work experiences and to make useful connections between new knowledge and skills and the knowledge and skills they had acquired before".

City of Sunderland College was the lead NE College for the Department for Education extended industry placement pilot (initially shaping T level reforms). We remain a lead College in the NE Careers Hub and hold the Matrix standard, a national quality standard for information advice and guidance services.

Creating outstanding learning opportunities is not solely about what happens in a classroom, workshop or other learning environment. We prioritise student's engagement in work placements, volunteering, charity work, employer projects, competitions and experiences beyond qualifications.

OFSTED found City of Sunderland College:

- Exposes students to the challenges and opportunities of the world of work;
- Develops student employability skills well; and
- Ensures that the strong development of vocational and employability skills results in over half of students progressing straight into employment once they leave, while the majority of the remainder progress to further or higher education.

Goal 3: Unite our culture and empower our people

Culture is critical to the development of happy, engaged, high performing people who are empowered to lead, innovate and take ownership.

We believe in the power of our people to transform our College to be very best it can be. Our People Plan is focussed on three core principles - attract, retain, develop.

Over the last three years we have significantly invested in leadership development, including ongoing coaching and mentoring of senior and middle leadership. We have established a successful two-year training programme for aspiring leaders. Whilst we want all staff to be suitably qualified, we place great value on industrial updating, sharing practice, innovation and learning with and from each other and our partners.

In 2017/18 we launched an innovative staff engagement tool and have a well-established staff recognition framework. Whilst developing staff, for several years we have invested in leadership accountability. All managers have personalised leadership development plans (formed in collaboration with their mentor/ coach) which include measurable outputs and are aligned to strategic direction. These plans are shared so other leaders know their priorities.

We aspire to be the best in all that we do and to enable our employees (and students) to reach their full potential. A culture of strong values means strong results for all. This is why professional values are fundamental to our pursuit of excellence and why we are determined for them to continue to underpin all of our activities.

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Professional Values	Professional Behaviours
Authentic	We are who we say we are, we do what we say we will do.
Respectful	We value the opinion of others and the contribution they make.
Innovative	We work hard to create a dynamic, forward-looking culture.
Ambitious	We are determined to achieve our vision and goals.

OFSTED said of us "Excellent communications and a highly visible leadership team underpin effective collaborative working across the college".

Because our people, culture and values are a key component of who we are, we will ensure a strong and sustained focus on these vitally important areas. Values such as achievement, excellence, partnership, positivity, purposefulness and respect are at the College's heart.

Goal 4: Strengthen our financial resilience and invest in our resources

We will build our financial resilience and strengthen our resources to ensure all stakeholders benefit from outstanding learning environments.

We envisage growing our income and market share across FE, HE and apprenticeship provision. Further investments in our College estate will ensure it remains a high quality, safe and accessible learning environment, providing state-of-the-art facilities.

All estates at City of Sunderland College and Hartlepool Sixth Form are of a high standard and since 2019 we have invested £9 million capital to resolve premerger estates challenges at Northumberland College. We are currently in discussions with the Department for Education about a new build in Ashington which will open in 2024/25. We have invested in an ongoing specialist build for students with Special Education Needs at Kirkley Hall which completed in November 2020.

We are investing in our digital infrastructure across the group to improve connectivity. This investment will lead to further innovation and the continual development of excellent learning technologies and information systems. We are also optimising our management information systems to improve and strengthen access to information, ensuring services meet the needs of the business.

Having invested in a leading award-winning integrated group financial system that seamlessly integrates banking, budgeting, online payments, people and payroll and third-party systems we are enhancing financial management and administration. Our system affords real time consolidation, automated income management, advanced credit control. Our unified ledger software eliminates the need to reconcile separate sales, purchasing and general ledgers which improves the speed and accuracy of reporting, saves time and reduces the risk of error with powerful automation and accurate financial reporting.

Goal 5: Engage locally, regionally and nationally and build our reputation

Our strategic plan specifically sets out an intention over the coming years to:

- Expand and further nurture mutually beneficial partnerships with industry and community organisations;
- Contribute positively to social, cultural and economic regeneration as an anchor institution;
- Extend our influence by collaborating with strategic partners to support and sustain mutually beneficial activities;
- Collaborate on innovative employer-led projects and a wide range of social responsibility activities in order to continually enhance the student experience; and
- Celebrate the positive impact we have on our communities.

As a College we are actively engaged nationally in shaping and informing policy. This includes membership on various national reform committees, and work with the DfE, including a visit to Europe to research technical education to inform technical education.

Regionally we have taken a leading role in the implementation of the Gatsby Good Careers benchmark, have worked closely in partnership with NE LEP in their successful pitch for a NE Cornerstone Careers Hub, and work nationally with the Careers and Enterprise Company.

We have excellent relationships with the 8 local authorities we work with. And our work is extensive with regards to levy and non-levy paying organisations, in addition to voluntary, charitable and community groups.

In our last OFSTED report, inspectors saw evidence of "highly effective collaboration". As an Association of Colleges Beacon Award winner for employer engagement in 2017/18, and a highly commended Beacon in 2018/19 and 2019/20, and Pearson College of the Year 2019, we hope this gives insight into the way we work.

Our higher education partners are Newcastle University, Cumbria University, Sunderland University and Huddersfield University for BAs/BScs, Foundation Degrees, and Pearson for a broad range of HNC/Ds.

Across the region and with partner colleges in the group, we have nurtured and developed strong schools' partnerships, which are now innovating within the careers space.

In Hartlepool we have worked tirelessly since merger to further strengthen school relationships. Appointing a figurehead at the sixth form, along with a strengthened schools liaisons strategy, has been pivotal to our successful turnaround of this college and its partnerships.

In Northumberland College, post-merger we have reconnected the college to its schools and are delighted with the quality of their relationships. This includes transforming the colleges relationship with Northumberland County Council, post-merger, and we are now working jointly on a number of new strategic developments.

In summary, our Strategic Plan represents an ambitious, investment-driven approach for all Colleges in the group. As an organisation with 'partnerships' at its core, we excel in all that we do, ensure continued growth in our collective stature, reputation and influence, unite our people, achieve a step change in our performance and safeguard academic, financial and environmental sustainability.

Impact on Learners

A successful college ensures that it attracts students, has a strong focus on excellence and operates viably. We are a highly inclusive organisation. Equality and diversity are firmly embedded in our day-to-day operations and we place high value on all applicants to our colleges having equal access to learning.

Special Educational Needs and Disabilities (SEND) is a key strategic priority for our college group and we strongly believe a college is only as good as it treats its most vulnerable. Our new build SEND Centre in Northumberland College opened in November 2020. We have already invested significantly in SEND at City of Sunderland College (with further investments planned in 2021/22). As our curriculum and quality performance is strong, we are absolutely committed to ensuring sustained outstanding provision.

Our partnerships with specialist Schools and Local Authorities are outstanding which supports excellent transition for SEND young people. Our strategic partnership with Newcastle based Prosper Learning Trust involves a joint SEND school for children aged 3 to 24 within Sunderland, and we are in close conversation about SEND strategy.

Our priority is to give students a competitive employment edge. This is built into our curriculum, supported by dual qualified staff (teachers and industry specialists) and engrained into the teaching, learning and wider experiences provided to students. No matter what their starting point, students are exposed to an employer informed careers focussed curriculum, and we have huge potential to enrich student learning with specialist collaboration from across our campuses.

Strong partnerships with the DWP is an approach we value, but we believe delivery teams must be located at each College so that worklessness solutions can be continually co-designed and welfare to work supported. This means we continue to support, or enhance if not adequately resourced, employability teams across several campuses to deliver cost effective services to help people into work. For example, in Sunderland we are collocating with the DWP to support access to learning, development and skills, and have even opened a "job shop" in the city centre.

Impact on Employers

We are a large, experienced college group already serving extensive and diverse urban and rural geographic areas which provide a coherent, extended strategic business support offer to employers within localities and regionally.

We have well-established, mutually beneficial relationships with a significant number of employers across the NE and Tees Valley, and have built strong reputations for our work in meeting the skills needs of key economic sectors and in supporting inward investment. These relationships extend beyond the NE where our respective employer clients and our subcontracted delivery partners have such a footprint.

Our approach is underpinned by:

- Strategic leadership and engagement: identified senior leaders aligned to each of the region's and local authorities' key economic sectors to power engagement with strategic partners and employers;
- A differentiated sector-based approach: implementation of region-wide sector business development, marketing and sales plans for each of the regions key economic sectors such as but not limited to, advanced manufacturing, construction, digital, health and life sciences, land based and the visitor economy, and professional business services;
- A segmented approach to business development: including effective, differentiated engagement with small to medium sized employers and large, Levy payers;
- A solution focused not product-led approach: with shared understanding of employers' needs enabling innovative solutions to be co-designed, developed and delivered;
- Relationship based account management: with strong collaborative key account arrangements based on trusted relationships;
- Strong alignment to local economic development teams to support skills development for access employment; and
- Maximised return on investment: with mutual benefits for each partner identified and realised.

Impact within the Community

City of Sunderland College CEO is a NE LEP Board member, and a member of the NE Skills Advisory Panel. She sits on the Association of Colleges Board, Finance and Resources Committee, and is a member of Pearson UK National Reference Committee.

Senior leaders from our group of colleges sit on a number of economic leadership groups, skills reform groups, and business partnership forums. Many frequently contribute regularly as national speakers.

Our group has chaired and hosted a prestigious roundtable with representatives from Government and from across the region to feed into the forthcoming FE White Paper, and ahead of the Commission on the College of the Future publishing its national report. Parliamentary Under Secretary of State for Apprenticeships and Skills, made a virtual visit to our college and spoke nationally about the innovative work being implemented during COVID across our colleges.

The College signed the Time for Change's Employer Pledge. In doing so we worked extensively with partners and achieved success through campaigning to raise awareness and investing in the mental health of our respective students and workforce. City of Sunderland College now has over 100 mental health first aiders, and with our employee assistance programme there is much we can achieve together as a responsible (merged) business to support our brand.

With regards to wider impact on engagement and strategic partnerships with key community stakeholders, we have excellent relationships with the two combined authorities in addition to working positively with all 8 local authorities. For branding purposes each of our colleges retains its own name within the local community but sits within an umbrella brand of 'Education Partnership North East'. Sustaining individual college names is important as we expect the colleges to continue to accelerate their impact and contribution to skills, services, economic growth, social cohesion, and wellbeing, possible through the support of a strong and sustainable college group.

City of Sunderland College has a long track record of innovative school partnerships that can evolve to ensure they best meet the needs of the area and its pupils. Excellent school partnerships are a focus for Hartlepool Sixth Form even though it is in

direct competition with school sixth forms. School partnerships have rapidly evolved (since merger) at Northumberland with the College now working productively with all.

Quality of Provision

We have a clear and ambitious vision for providing high-quality, inclusive education and training to all. This is realised through strong, shared values, policies and practice.

Our vision for excellence recognises the fundamental importance of high standards and quality which is informed by our aspirations and ambitions for all students regardless of background.

Our rationale for merging with two other colleges was part of a bigger picture strategy – to create a regional college group, with a coherent and powerful regionally focussed education and skills. We have achieved this and achieved turnaround of those colleges with impressive results – both academic and financial – whilst the campuses in Sunderland have continued to show an upward trend in quality performance.

Our apprenticeship provision has gone from requires improvement in 2016, to outstanding in 2020. Merging with Northumberland College we are taking their pre-merger apprenticeship performance on the same journey with positive impact.

All of this has been achieved whilst improving quality which is no more apparent than in student satisfaction data– a real measure of our success.

At Northumberland College

- | | |
|-----------------------------------|------------------|
| • Safe place to learn | ↑93% (85% 18/19) |
| • Treated fairly by staff | ↑91% (84% 18/19) |
| • Teaching is good | ↑86% (83% 18/19) |
| • Developing skills for next step | ↑92% (+4% NB) |

And across the Group

- | | |
|-------------------------------------|----------------|
| • Treated fairly by staff | ↑95% (+3% NB). |
| • Teaching is good | ↑94% (+3% NB). |
| • The feedback I receive is helpful | ↑93% (+3% NB). |
| • Online learning | ↑90% (+7% NB) |
| • On the right course | ↑95% (+2% NB) |

97% parents/carers agree their child is safe and supported (+6% NB).

During turnaround of two colleges, we accelerated our national award-winning status. Equally we significantly increased our engagement in innovation to drive quality improvement, including leading as a pilot college for the National Network for Education of Care Leavers developing a Quality Framework for Care Experienced Students, and a Driving Change Quality Framework for Young Adult Carers, contributing to national education planning for vulnerable students. Equally we are engaged in a prestigious partnership with Ford Next Generation Learning, Nashville Academies USA, the Edge Foundation implementing employer-led problem-based learning across our curriculum.

Investment and support for pedagogy is a key feature of the College and we work with our practitioners to:

- Enable positive change or adaptability in pedagogic approaches to create a virtuous cycle of improvement;
- Support staff to go beyond, thinking about what they are going to teach and how, and consulting with students about their experiences as learners;
- Facilitate the conditions necessary to develop staff and students through collaborative, student-centred, evidence-informed professional learning; and
- Foster a culture open to new learning and challenge as a means to build capacity for growth.

Our approach to raising and sustaining quality is focussed on ensuring our practitioners have knowledge to enhance teaching of the curriculum and the appropriate use of assessment. Our professional development centre is informed by the Professional Standards Framework for Teachers and Trainers in Education and Training; and the UK Professional Standards Framework for Teaching and Supporting Learning in Higher Education. It seeks to invest in and build practice and subject knowledge of staff over time. This is a key contributor to our sustained high performance.

Maintaining and further improving the quality of the current offer to both students and employers is important to us and we will continue to invest in:

- Professional practitioners to ensure they are at the forefront of their subject and industry areas; this may be supported via our comprehensive professional development framework;
- A sustained culture of empowerment, support and accountability where all forms of feedback are encouraging, critical, accepted and acted upon, thus creating a virtuous cycle of improvement;
- The continued engagement of employers in the co-design and delivery of our careers focused curriculum, ensuring all students have a competitive 'employment edge';
- A group approach to Teaching & Learning applicable to all practitioners of teaching, learning and assessment.
- Consistent high-quality approaches to self-assessment and improvement; and
- A group approach to quality enhancement and assurance applicable to all curriculum and business functions
- Sustained and well invested staffing resource to proactively support QTLA.

Strategic Leadership and Management

As an established Regional College Group our Governing Body is experienced in successful governance. Structurally we are set up as a group function and the Board is supported by an existing Governance and Policy department.

The Board's capacity is supported by local boards which are connected to and representative of the communities they serve. There is a local board of governors at City of Sunderland College, and a further at Northumberland College.

Local Boards adopt a strong focus on the quality of education, wider college performance and longer-term planning. The Chairs and Vice Chairs of local Boards sit on our regional group board – the board of corporation.

At regional group level existing sub-committees include:

- Group Finance, Resources and Projects Committee;
- Group Audit Committee; and
- Group Governance (Search and Remuneration) Committee.

In our previous experience and to ensure a robust approach with instruments and articles, we have followed a transparent, fair approach to Governor recruitment. We have a well-established external Governance lead to support capacity.

COVID-19

With effect from Friday 20 March 2020, under Government Orders, FE Colleges closed to all learners except for the children of key workers and vulnerable learners. This has had an ongoing significant impact on both the income and expenditure of the Group, in particular commercial activity and apprenticeships.

The 2020-21 academic year saw a significant shift in student delivery to a blend of classroom and digital delivery, with infection control measures implemented to protect both staff and students. Additionally there was a need to offset reductions in income with corresponding cost savings and a transformation exercise was announced in July 20 in order to counter impacts of reduced income on Group viability. The Group worked with key suppliers in line with the Procurement Policy Note 02/20.

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Financial objectives

Funding performance against targets for Sunderland is shown below. The shortfall on achievement of the 2020/21 Classroom Funded target was due to the impact of the COVID-19 pandemic. The College achieved 76.1% of its funded target which was below the ESFA threshold for funding clawback:

Objectives	Target	Achievement
To meet its 16-19 funded target	£24,280,000	£23,955,000
To meet its ESFA Adult Learning funded target	£5,668,000	£4,314,000
Education specific EBITDA in excess of 8% of income	8%	9.1%
Borrowings as % of income	26%	26%

Performance indicators

The Group is committed to observing the importance of sector measures and indicators and use the FE Choices data available on the GOV.UK website which looks at measures such as success rates for General Further Education organisations (GFE). The FE Choices learner and employer view national surveys did not run in either 2019/20 or 2020/21 as a result of COVID 19 and hence outcomes are shown below as N/A.

The latest information available with regards to the Group against these indicators is:

Group Achievement rates	2018/19 %	2019/20 %	2020/21 %	National Average
Education and Training (All ages)	88.9	87.5	87.7	86.0
Apprenticeships (All ages)	62.3	64.5	65.2	64.7
Survey Data Sunderland/Hartlepool	2018/19	2019/20	2019/20	Latest Average of GFE Orgs
Learner Views	86.8	N/A	N/A	80.5
Employer Views	91.4	N/A	N/A	82.4
Survey Data Northumberland	2018/19	2019/20	2019/20	Latest Average of GFE Orgs
Learner Views	72.6	N/A	N/A	80.5
Employer Views	62.1	N/A	N/A	82.4

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The overall Ofsted Inspection grade for Overall Effectiveness at the last inspection in June 2016, prior to the mergers with Hartlepool and Northumberland, was "Good".

The table above shows that the Group has made significant positive steps towards improving and maintaining positive outcomes for our students and that Sunderland is well above the sector average. The Group will utilise its experience in driving forward quality outcomes for all students.

The Group is required to complete financial returns to the Education and Skills Funding Agency ("ESFA"), which include the calculation of an automated financial health grading. The current rating of "Requires Improvement" is considered an acceptable outcome, given the significant adverse impact of investment in the Group estate, particularly at Northumberland and the investment required to ensure a turnaround in performance at Northumberland College, on the financial position.

FINANCIAL POSITION

Financial results

The Group made an overall deficit of £3,339,000 in the year (2019/20 deficit: £2,381,000). The statement of comprehensive income includes a number of non-recurring items. The reconciliation below excludes these non-recurring items and pension adjustments to arrive at an 'adjusted surplus' which reflects the underlying performance of the Group.

Financial result reconciliation	£'000
Deficit for the year	(3,339)
Restructuring costs	703
Unfunded pension arrangement credit	(82)
Pension charges (FRS102(28) charges)	3,310
Pension interest expense (FRS102(28) charges)	778
Underlying surplus	1,370

The under-achievement on the 16-19 funded target, as indicated in the financial objectives table above, is as a result of lower than funded recruitment of 16-19 students. Due to the lagged funding methodology, this did not result in a clawback of funding, however there will be a reduction in the level of funding for these 16-19 students in the 2021/22 financial year. This reduction is factored into the financial plan.

For the financial year 2020/21, the financial outturn was not significantly impacted by the ongoing COVID situation. The nature of contractual 16 – 19 funding and other loan related payments, meant that many of the key income lines remained secure. Whilst income from apprenticeships and commercial activities was collectively expected to be approximately lower than previous expectations, the College has been able to mitigate these reductions by reducing expenditure and undertaking some limited furloughing of commercial staff where income streams are not funded through the public purse.

During the year the Group implemented a restructuring programme to address forthcoming cuts in funding body income and the deficits generated by Northumberland College. This led to a programme of transformation, resulting in restructuring costs of £703,000 (2019/20: £414,000).

Accumulated reserves are £23,276,000 (after accounting for a pension liability of £40,586,000) with cash balances available for immediate withdrawal of £2,058,000.

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Tangible fixed asset additions during the year amounted to £5,570,000. The majority of the additions relate to capital investment works at Northumberland College, a T Level immersive space development at Bede and Institute of Technology (IOT) engineering equipment purchase. In addition, upgrades to the Group estate, systems and equipment base has seen further investment.

The largest single sources of income for the Group in the year were the Funding Body Grants, which accounted for 83% (2019/20: 83%).

The Group has four subsidiary companies, as disclosed in note 11. During the 2019-20 financial year the trade and assets of Kirkley Hall Limited were hived up into the College and subsequently Kirkley Hall Limited, as a separate entity, ceased trading and has been dormant throughout the 2020-21 financial year. Business Solutions Recruitment Services Limited was struck off the registrar at Companies House during the course of the year and the remaining three subsidiaries have been dormant throughout the year.

Treasury policies and objectives

Treasury management is the management of the Group's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The Group has a separate treasury management policy and a review of the application of that policy is undertaken annually and reported to Governors.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

The Group had a net cash inflow from operating activities of £3,031,000 in 2020/21 (2019/20: £1,287,000). There was a net increase in cash balances in the year of £1,583,000 (2019/20: decrease of £876,000), the movements of which are disclosed in the cash flow statement.

Liquidity

The Group has six term loans. All loans are secured on Group Land & Buildings and the total balance of £12,126,000 is net of unamortised issue costs totalling £46,000.

The first loan of £4,309,000 is repayable over twenty years, with interim reviews every five years, at which time the term can be extended, on agreement by both parties. No element of this loan is currently secured on a fixed rate.

The second loan is a revolving facility of £137,000 repayable on 30 July 2022. This loan incurs interest on a floating basis.

The third and fourth loans transferred to the Group and College on the acquisition of Hartlepool Sixth Form Group on 1 August 2017. One of these loans is fixed, has an outstanding balance of £1,137,000, is repayable by 28 March 2035 and bears interest at 7.05%. The other loan is floating, repayable by 28 December 2022 and has an outstanding balance of £37,000.

The fifth and sixth loans transferred to the Group and College on the acquisition of Northumberland College on 22 March 2019 and both are fixed. One of these loans has an outstanding balance of £1,027,000, is repayable by 31 March 2026 and bears interest at 3.72%. The other loan has an outstanding balance of £5,525,000, is repayable by 31 March 2055 and bears interest at 4.55%.

At the end of the year total loans outstanding are £12,126,000, of which £833,000 is repayable within one year.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2020/21 the Group received £40,095,000 in funding body recurrent grants (2019/20 - £42,235,000). The Group has supported 16,677 students in their studies throughout the course of the year.

Curriculum developments and student achievements

The Group continues to develop a careers focused curriculum to ensure that it is aligned to local, regional and skills priorities and based on relevant Labour Market Intelligence (LMI). The Group offers academic, vocational/technical education and training to adults and 16-19 year olds from entry level to higher education. EPNE offers a wide range of apprenticeship delivery, across a range of frameworks and standards, levels, ages and occupational areas. The Group also offers an extensive range of Higher Education courses, Foundation Degrees and Higher Nationals. The Pearson HNC or HND courses offered through Office for Students funding and HE programmes, with Validation agreements in place for the University of Sunderland, Huddersfield, Newcastle and Cumbria during 2020-21. HE partnerships are being reviewed since merger. The Group's quality and approach to curriculum planning is the primary driver shaping curriculum design and intent. The Group's strategic plan and vision for striving for excellence underpins the curriculum's future focus and direction.

The Group recognises its responsibility of contributing to reduce the high number of learners Not in Education, Employment or Training and works with subcontracted partners, to ensure appropriate provision is accessible throughout the year, in the community and for example at our City Campus through our Pathways provision. There are strong sixth form academic based provision within Sunderland Sixth Form based at the Bede Campus and Hartlepool Sixth Form College. The Group's school liaison and curriculum teams work closely with secondary schools across the North East. The Group has developed strong partnerships with employers, particularly in the areas of specialism and across the region. Sunderland College won BTEC College of the Year in 2019. The Group achieved Matrix accreditation for Information Advice and Guidance Services in June 2021, accreditation is held for 3 years. The Group has also been recognised for the support that it puts in place disadvantaged students by achieving 2 national accreditations Quality Standard for Carer Support and NNECL Quality Mark for Inclusion and Success of Care Experienced Students. The Group has had national recognition as an AoC Beacon Awards finalist for its careers work. The Group works closely with key stakeholders of the region including Sunderland city council and Northumberland County Council, Sunderland BID, key strategic partners and the North East LEP.

Across Education Partnership North East, volumes of students across levels are:

- 6% Higher Education
- 29% Level 3
- 48% Level 2
- 10% Level 1
- 7 % Entry level

Teaching, learning and assessment is good with areas of outstanding practice and supports students to develop knowledge, skills and attitudes which are aligned to their ambitions and aspirations. Achievement rates for young people are good, 2.6% above the national rate. Achievement rates for education and training provision (all ages) are 1% above the national average. Adult achievement rate has slightly improved by 0.4% on 19/20. The majority of provision across EPNE is above national rates. Achievement rates for students with disadvantaged backgrounds is good, they make sustained progress from their starting point. 16-19-year-old students with a learning difficulty or disability have an improving 3 year improving trend on retention. Northumberland College achieved achievement rates at National Average, the first time in seven years.

Quality of education is not yet outstanding because further development is required in a small number of curriculum areas to improve the impact on students, as well as the requirement to reduce the achievement gaps of students who are care leavers, young parents and students who are looked after children. Also, achievement rates of apprenticeship programmes at Northumberland College need to improve. The achievement rates and progress made by young people on English and maths provision is improving with a positive progress score in both for the first time in 4 years.

The broad and balanced 16-19 study programmes are well-developed for all students with the aim to develop the skills and knowledge to allow learners to progress and achieve a positive destination to employment and/or further/higher education.

Breadth including skills for employment, attitudes and behaviours and personal development including students taking part in work experience and industry placements.

The Group's strong Directions/foundation learning provision at Bede Campus and Kirkley Hall teaches and supports students with a LLDD within a supportive environment. The Group provides a variety of opportunities for these students to enable them to develop their English, maths, communication skills, improve their independence, personal, social skills as appropriate to the individual.

The Group has a broad range of adult learning programmes, which successfully prepare students for career progression and skills development.

Students continue to have high positive sustained destinations. 93% of students' progress into a positive destination which includes employment, further study, higher education and/or an apprenticeship.

Much emphasis is placed on LMI, Sunderland's Economic Master Plan, Tees Valley and NELEP priorities that inform and influence the curriculum offer, which successfully meets the needs of employers and the local community. The Group specialisms includes Advanced Manufacturing, Construction, Engineering, Digital Technology, Creative Industries, Health and Science, land based and cross cutting business professional services.

Work with stakeholders, including employers, forms a key part of the curriculum planning process and uses LMI (Labour Market Intelligence) to inform decisions and help shape the offer and progression opportunities. Links to industry and workplace experience and placements are organised where appropriate and enterprise and innovation remain key priorities. The Group has a large distance learning and employability provision linked to pre-employment programmes.

Key sectors for apprenticeships are aligned with the national and local priorities, align to the needs of the key industry and employment sectors, as identified by the Tees Valley and North East LEP economic plans. In addition, the Group offers a range of sector independent standards and frameworks covering professional services.

The Group achieved a TEF Silver award, in recognition of the quality of the Group's HE teaching excellence and continues to have high NSS Satisfaction rates.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent.

Future developments

The Corporations Strategic Plan to inform the Group strategy for the period 2019-2023, putting "Excellence at the heart of everything we do". The plan was launched in November 2018 and has been developed further to include individual plans for each of the five strategic goals.

The Group is committed to improving the condition of its estate and facilities, with a view to increase student numbers and improve the overall student experience. The Finance and Resources Plan for the period to 2023 sets out details of work completed to date and future plans, with over £60m of investment in the estate between 2014 and 2023. New facilities have opened at the Kirkley Hall campus in 2020-21, consisting of a Special Educational Needs and Disabilities (SEND) centre and Equine facilities. The Group has been successful in obtaining Institute of Technology funding and has investing in the region of £500,000 in state-of-the-art engineering equipment.

2021-22 will see the opening of an immersive learning suite to support the first year of T Level delivery at the Sunderland College's Bede Campus. A total of almost £4,000,000 has been invested in building refurbishment and state of the art equipment in relation to this suite. Additionally, work will commence on a further phase of capital investment at Sunderland College's City Campus for T Level delivery, which will see investment of in excess of £1,000,000.

The Group is committed to strengthening financial health and liquidity. In light of anticipated future funding allocation reductions and to address inflated staff and non-staff costs at Northumberland College the Group is undergoing a period of transformation. It is envisaged that the efficiencies resulting from this and previous re-organisations will see the Group well placed to improve financial health, although the extent of these will depend on the Group's ability to retain student numbers and adapt its curriculum delivery model to meet the new funding requirements.

The Group reverted to onsite activity from August 2020, in accordance with government advice and the Group continued to flex delivery in light of advice. Future delivery plans include a blended approach to learning where appropriate and the Group is working on more flexible, blended approaches to learning going forward.

RESOURCES

The Group's vision and strategic aims, set out on pages 3 to 6 are currently supported by a strong resource base. The Group:

- has specialised centres distributed from the Scottish Borders through to the Tees Valley;
- has invested £60m+ in state of the art facilities over the course of its Property Strategy and following the merger with Northumberland College;
- has £63.9m of net assets (excluding £40.6m pension liability) and loan debt of £12.1m; net assets as per the balance sheet are £23.3m;
- employs on average 872 people, of which 592 are teaching staff; and
- has a good reputation locally and nationally. Maintaining a quality brand is essential for the Group's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Group's assets and reputation.

Based on the strategic plan, the Group undertakes a comprehensive review of the risks to which the Group is exposed. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group and allow for opportunities to be exploited. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition, the Group will also consider any risks which may arise as a result of a new area of work being undertaken.

The Group's risk register sets out the principal risks to which the Group is exposed, identifies controls to mitigate those risks and provides sources of evidence and assurance that those risks are being appropriately managed. Those risks and the effectiveness of controls are reviewed bi-annually by the Group's Executive Leadership Team, Audit Committee and Corporation.

This is supported by a risk management training programme to raise awareness of risk amongst managers within the Group.

Each risk is considered to be sufficiently likely to occur or of sufficient impact on the Group as a whole, should it occur, to warrant the particular attention of the Corporation. The principal risks are within the following areas:

- Government policy;
- Finance;
- Curriculum and Quality (incl effect of COVID);
- People and Development (P&D);
- Business Systems and IT; and
- Cyber Security.

If, despite the efforts to manage and mitigate risks, the Group suffers a significant loss of revenue, its strategy for mitigating the loss is as follows:

- To help it cope with in-year reductions in net income the Group will, each year
 - a) Plan to make an underlying operational surplus;
 - b) Provide for a contingency of at least £100,000 (pre pension adjustments) within its budgeted spending.
- The Group will maintain a ratio of permanent to temporary and agency staff sufficient to ensure an annual temporary and agency academic staffing budget of at least £400,000. In extremis, this budget will be reduced in-year and the curriculum will be remodelled.
- If this is not sufficient, capital projects will be delayed and funds set aside for the funding capital projects will be deployed to address the mid-year adjustment.
- In the extreme case the Group will utilise its reserves. Those reserves will be replaced as necessary to maintain or regain strong financial health.

The Group will ensure that appropriate insurances are in place and that they are reviewed regularly.

The Group will ensure that it regularly reviews the risks which it faces and take action to address them.

Government Funding

The Group has considerable reliance on continued government funding through the education sector funding bodies and via delivery of courses funded via student loans. In 2020/21, 83% of the Group's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- Changes to funding methodologies, in particular in respect of 16-19 provision;
- Set up of local school sixth forms;
- Changes to co-funding of provision on which fees are charged, including eligibility criteria for fee remission;
- Changes in Apprenticeship funding and the impact on demand;
- Minimum contract values for and increased responsibility for subcontracted delivery on all adult delivery;
- Reductions in higher education funding and the impact of significant increases in fees charged;
- Failure to maintain market share;
- Failure to maintain reputation
- Failure to maintain quality, and;
- Ongoing impact of COVID-19

The risk is mitigated in a number of ways:

- Seeking to diversify income streams by expanding, for example, full-cost, apprenticeship and international activity
- Ensuring the Group is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the Group is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the regional funding bodies
- Increased investment in Group estate and infrastructure.

Tuition fee policy

Ministers have confirmed that the assumed learner contribution towards tuition fees remains at 50%. In line with the majority of other colleges, the Group will seek to increase tuition fees in accordance with the fee assumptions. The risk for the Group is that demand falls off as fees increase. This will impact on the growth strategy of the Group.

This risk is mitigated in a number of ways:

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

Maintain adequate funding of pension liabilities

The financial statements report the share of 2 Local Government Pension Schemes deficits on the Group's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and universities, the Group has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Combined authorities;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies; and
- Banks.

The Group recognises the importance of these relationships and engages in regular communication with stakeholders.

Streamlined Energy and Carbon Reporting

The college is committed to reducing its carbon emissions and has taken the following measures in year:

- Rolling programme to replace lighting with LED lighting; and
- Purchase of pull print technology multi-function devices which reduce the volume of paper used across the Group, in addition to transitioning to lighter weight copier paper.

The college's greenhouse gas emissions and energy use for the period are set out below:

UK Greenhouse gas emissions and energy use data for the period	Year ended 31 July 2021	Year ended 31 July 2020
Energy consumption used to calculate emissions (kWh) -total gas & electricity usage in kWh for every college campus.	10,097,171	9,474,672
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	1,168.1	1,044.7
Owned transport	10.8	21.5
Total	1,178.9	1,066.2

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<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	774.6	892.1
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	41.3	90.5
Total gross emissions in metric tonnes CO2e	3,173.7	3,115.0

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

Equal opportunities and employment of disabled persons

The Group actively promotes equality and diversity in all aspects of its work and aims to provide an environment where all individuals have the opportunity to achieve their full potential with a feeling of self-esteem. It will eliminate unfair discrimination through a zero tolerance approach, regular target setting and monitoring and the development of positive action programmes. In exercising its functions as a public authority, the Group welcomes its duty towards those individuals sharing one or more of the protected characteristics.

The Group is mindful of the need for it to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

As part of its commitment to advancing equality, the Group will endeavour to:

- Remove or minimise disadvantage experienced by people due to their protected characteristics;
- Take measures to fulfil the needs of individuals from protected groups where these are different from the needs of other persons; and
- Support and encourage individuals with protected characteristics to participate in the public life of the organisation, especially where participation is disproportionately lower.

The Group equality and diversity policy and annual report are published on its website and intranet sites.

The Group is a ‘Positive about Disabled’ employer and has committed to the principles and objectives of the Positive about Disabled standard. The Group considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Group continues.

The Group's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Special Education Needs and Disabilities (SEND)

The Group is committed to promoting and embedding Equality & Diversity and inclusion in all areas of our work to prevent discrimination. The Group seeks to achieve the objectives set down in the Equality Act 2010 and the Special Education Needs Code of Practice 2015.

The Learning Support Department organises and oversees in year surveys and live forums of students with Special Education Needs and Disabilities (SEND). Such consultations with, and involvement of individuals with SEND are now regular features of the Group Learning Support strategy. These procedures are designed to gain insight and information on issues and barriers faced by individuals with SEND in the Group context. Topics covered include accessibility and mobility around Group campuses and suggested improvements, the quality and effectiveness of support, and the promotion of disability equality.

City of Sunderland College

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In its efforts to continue to develop high quality support and promoted Equality & Diversity and Inclusion across the Group, the Learning Support Department maintains a Disability Support Team. Whilst all of the department personnel are members of the support team there is a core team of Specialist Support Lecturers (SSLs) deployed across all Group centres. All SSLs are qualified teachers who deliver specialist support to learners with identified needs for a range of areas of disability/learning difficulty. SSLs also contribute significantly to CPD (Continuing Professional Development) for all Group staff in matters related to disability and maintain a portfolio of staff development/awareness raising modules. Disability Awareness training delivered by the Learning Support Department remains a compulsory element for all Group staff in their continuing professional development.

The Learning Mentor team are also deployed across all Group campuses following enrolment, initial assessment and observation, Learning Support Co-ordinators liaise with all faculty management teams for all declared support needs. Learning Mentors and Academic Mentors are deployed for a variety of needs including moderate learning difficulties, challenging behaviours, ASD (Autistic Spectrum Disorders), support for Social Emotional Mental Health (SEMH) and support for both Maths and English.

There are numerous opportunities to declare a disability/learning difficulty at Pre entry stage through the SEN Transition officer who works closely with Admissions and Guidance, conducting joint interviews to determine support needs and follow up strategies prior to enrolment. All public enrolment sessions also include a learning support help desk to further encourage declaration.

Trade union facility time

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
11	7.97

Percentage of time	Number of Employees
0%	0
1-50%	11
51-99%	0
100%	0

Total cost of facility time	£18,481
Total pay bill (1/4/20 - 31/3/21)	£21,835,000
Percentage of total pay bill spent on facility time	0.085%
Time spent on paid trade union activities as a percentage of total paid facility time	0

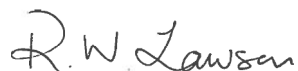
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Disclosure of information to auditor

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

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by:



Mr R Lawson
Chair of the Corporation

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the Group to obtain a better understanding of its governance and legal structure.

The Group endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standard in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code") and the Office for Students Public Interest Governance Principles ("the Principles"); and
- Having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

The Group is committed to exhibiting best practice in all aspects of corporate governance and in particular the Group has adopted and complied with the Code and meets the Principles. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the Group complies with all the provisions of the Code and the Principles and it has complied throughout the year ended 31 July 2021. 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 account of the Code which it first adopted in September 2014. The governing body has assessed its performance against the mandatory criteria of the Code and the Principles.

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

The Corporation

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

Governors serving on the Group Board during 2020/21

The Group's governance structure was revised prior to 2020/21 and includes the Board of Corporation and six sub-committees: Audit, Finance, Resources & Projects, Governance, Northumberland Local Governing Board, Northumberland Education Quality and Innovation, and Sunderland Local Governing Board. Members are appointed to the Board of Corporation or a Local Governing Board (or both). The Local Governing Boards are responsible for ensuring the mission, vision, values and key strategic priorities for the College Group are being met by the local college, through effective monitoring, evaluation and compliance, in particular with regard to quality of education and curriculum.

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Members' Report and Financial Statements for the year ended 31 July 2021

Membership as at 31 July 2021

Name	Date of most recent appointment	Term of office	Date of resignation	Status of appointment	Local Board/Committees served
Members of the Board of the Corporation					
Mr J Barnett	18/10/20	4 years		External	- Sunderland Local Governing Board - Governance Committee
Mr D Cogle	01/07/20	4 years	-	External	
Ms J Colbert	01/07/19	4 years	-	External	- Joined Board of Corporation 07/10/2020 - Sunderland Local Governing Board
Mr T Crompton	17/10/17	4 years	07/07/21	External	
Prof P Dawson	27/08/20	4 years	-	External	
Ms L Doyle	01/07/19	4 years	-	External	- Northumberland Local Governing Board
Cllr L Farthing	03/12/18	4 years	-	External	- Audit Committee
Miss I Heads	Elected June 2020	1 year	31/07/21	Student	
Mr J Hope	01/07/19	4 years		External	- Northumberland Local Governing Board - -Governance Committee
Mrs S Houston	27/08/20	4 years	-	External	-
Mr R Lawson	15/12/21	1 year	-	External (Chair)	- Finance, Resources & Projects Committee - Governance Committee
Mr P McEldon	15/12/21	1 year	-	External	- Finance, Resources & Projects Committee - Governance Committee
Ms L O'Leary	06/10/20	4 years	-	External	- Audit Committee
Ms S Pollard	01/10/19	4 years	-	Staff	
Mr R Saelzer	05/07/16	4 years	03/11/20	External	- Sunderland Local Governing Board
Ms A Shaw	01/07/19	4 years		External	- Northumberland Local Governing Board - Northumberland College Education Quality & Innovation Committee
Ms J Steed	27/08/20	4 years	-	External	
Ms E Thinnesen	11/01/16	Ex Officio	-	Principal/Chief Executive	- Finance, Resources & Projects Committee - Governance Committee - Sunderland Local Governing Board - Northumberland College Education Quality & Innovation Committee
Members of Local Governing Boards (not on Board of the Corporation)					
Mr I Brown	01/07/19	4 years	-	External	- Northumberland Local Governing Board - Northumberland College Education Quality & Innovation Committee
Ms L Bradford	03/12/19	4 years	-	External	- Sunderland Local Governing Board

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Ms N Bradshaw	15/12/20	2 years	26/04/21	Student	- Northumberland Local Governing Board
Ms E Cooper	Elected October 19	2 years	06/07/21	Student	- Sunderland Local Governing Board
Mr A Ferguson	01/07/19	4 years	-	External	- Northumberland Local Governing Board - Finance, Resources & Projects Committee
Ms J Fox	06/02/18	4 years	-	External	- Sunderland Local Governing Board - Finance, Resources & Projects Committee
Mr N Harrett	01/07/19	Ex officio	-	Principal	- Northumberland Local Governing Board - Northumberland College Education Quality & Innovation Committee
Mr J Holmes	01/07/19	4 years	-	External	- Northumberland Local Governing Board
Mr C Jones	01/07/20	4 years	-	External	- Northumberland Local Governing Board
Mr N Jones	Elected October 19	2 years	06/07/21	Student	- Sunderland Local Governing Board
Mrs C Magog	16/10/18	4 years	-	External	- Audit Committee - Sunderland Local Governing Board
Ms H Matterson	01/07/20	4 years	-	External	- Sunderland Local Governing Board
Mr L Nixon	01/07/20	2 years	-	External	- Sunderland Local Governing Board
Ms K Patterson	01/07/19	4 years	23/07/21	External	- Northumberland Local Governing Board - Northumberland College Education Quality & Innovation Committee
Mr S Patterson	03/12/18	4 years	-	External	- Sunderland Local Governing Board - Finance, Resources & Projects Committee
Mr K Ramanathas	04/02/21	4 years	-	External	- Sunderland Local Governing Board
Mr N Salvesen	01/07/19	4 years	-	External	- Northumberland Local Governing Board - Finance, Resources & Projects Committee
Ms S Sawyer	01/10/19	4 years	15/01/21	Staff	- Northumberland Local Governing Board - Northumberland Curriculum & Quality Committee
Ms H Thompson	01/07/19	4 years	22 /03/21	External	- Northumberland Local Governing Board
Mr D Towns	01/07/19	4 years	-	External	- Northumberland Local Governing Board - Audit Committee
Ms H Willey	01/10/19	4 years	-	Staff	- Sunderland Local Governing Board

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Governor attendance at meetings for 2020-21 was as follows:

Name	Corporation	Local Board/Committees
Mr J Barnett	89%	SLGB 100% Gov 100%
Mr D Cogle	44%	-
Ms J Colbert	71%	SLGB 100%
Mr T Crompton	100%	-
Prof P Dawson	100%	-
Ms L Doyle	67%	NLGB 80%
Cllr L Farthing	100%	Audit 100%
Miss I Heads	100%	-
Mr J Hope	100%	NLGB 100% Gov 100%
Mrs S Houston	88%	-
Mr R Lawson	100%	FRP 88% Gov 100%
Mr P McEldon	89%	FRP 100% Gov 100%
Ms L O'Leary	100%	Audit 100% Gov 100%
Ms S Pollard	100%	-
Mr R Saelzer	100%	SLGB 100%
Ms A Shaw	100%	NLGB 100% NCEQI 100%
Ms J Steed	75%	-
Ms E Thinnesen	100%	SLGB 100% FRP 80% Gov 100% NCEQI 80%
Mr I Brown	-	NLGB 100% NCEQI 100%
Ms L Bradford	-	SLGB 100%
Ms N Bradshaw	-	NLGB 100%
Ms E Cooper	-	SLGB 60%
Mr A Ferguson	-	NLGB 80% FRP 80%
Ms J Fox	-	SLGB 100% FRP 100%
Mr N Harrett	-	NLGB 100% NCEQI 100%
Mr J Holmes	-	NLGB 100% NCEQI 60%
Mr C Jones	-	NLGB 100% NCEQI 100%
Mr N Jones	-	SLGB 40%
Mrs C Magog	-	SLGB 100% Audit 100%
Ms H Matterson	-	SLGB 80%
Mr L Nixon	-	SLGB 80%
Ms K Patterson	-	NLGB 80% NCEQI 60%
Mr S Patterson	-	SLGB 100% FRP 100%
Mr K Ramanathas	-	SLGB 100%
Mr N Salvesen	-	NLGB 100% FRP 100%
Ms S Sawyer	-	NLGB 0%
Ms H Thompson	-	NLGB 0%
Mr D Towns	-	NLGB 40% Audit 100%
Ms H Willey	-	SLGB 60%

The Corporation, in presenting these statistics acknowledges that from time to time, meetings are scheduled or re-arranged and this can impact upon governor availability/attendance.

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

The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least once each term.

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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 Audit, Finance, Resources & Projects, Governance, Northumberland Local Governing Board, Northumberland College Education Quality and Innovation Committee, and Sunderland Local Governing Board. Full minutes of all Board of Corporation meetings are available on the Group's website with the exception of those deemed confidential by the Corporation. Full minutes of all committee meetings, except those deemed to be confidential, are available from the Head of Corporate Governance & Policy at:

City of Sunderland College
Bede Centre
Durham Road
Sunderland
SR3 4AH

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties at the Group's expense and have access to the Head of Corporate Governance & Policy, who is the Clerk of the Corporation and responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Head of Corporate Governance & Policy are matters for the Corporation as a whole.

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

The 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.

Governance Committee

The Corporation has a Governance Committee, consisting of six members of the Corporation, which is responsible for all governance matters including:

- the selection and recommendation of any new member, other than the staff and student member, for the Corporation's consideration;
- advising the Corporation on the remuneration, grade and contracts of employment of senior post holders including the Clerk as and when required; and
- ensuring that appropriate training is provided as required.

The Governance Committee meets at least three times per year. Members of the Corporation are appointed for a term of office not exceeding four years, unless there is an exceptional justification for doing so.

Details of remuneration for the year 31 July 2021 are set out in note 6 to the financial statements. The Corporation has not adopted the AoC's Colleges Senior Staff Remuneration Code but have followed the minimum standards found within that Code.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and the Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets at least three times per year and provides a forum for reporting by the Group's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of Group management. The Committee also receives and considers reports from the main FE funding bodies as they affect the Group's business.

The Group's internal auditor monitors the systems of internal control, risk management controls and governance processes, in accordance with an agreed plan of input and reports their findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work. The Board appointed Wiley Bisset to provide Internal Audit Services with effect of 1 October 2019 and MHA Tait Walker to provide External Audit Services with effect from 1st September 2020.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum/Financial Agreement between City of Sunderland College and the Funding Bodies. The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdown 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 on-going process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at City of Sunderland College during the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

1. comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
2. regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
3. setting targets to measure financial and other performance; and
4. clearly defined capital investment control guidelines.

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of auditors;
- the work of the executive managers within the Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the Group's financial statements auditor and the regularity auditor in their management letters and other reports.

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

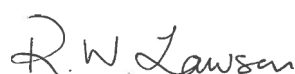
The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, 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.

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

Going concern

After making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by:



Mr R Lawson
Chair of the Corporation



Ms E Thinesen
Accounting Officer

Governing Body's statement on the Group's regularity, propriety and compliance with Funding Body terms and conditions of funding

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the financial memorandum in place between the Group and the Skills Funding Agency. As part of our consideration the Corporation has had due regard to the requirements of the financial memorandum.

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

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

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by:



Mr R Lawson
Chair of the Corporation



Ms E Thinesen
Accounting Officer

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Group's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2020 to 2021* issued by the ESFA, and which give a true and fair view of the state of affairs of the group and the parent College and the result for that year.

In preparing the group and parent College 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;
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

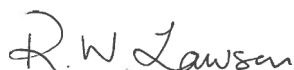
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Group.

The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the parent College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the group and parent College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by:



Mr R Lawson
Chair of the Corporation

Independent auditor's report to the Corporation of City of Sunderland College

Opinion

We have audited the financial statements of the Corporation of City of Sunderland College (the 'College') for the year ended 31 July 2021 which comprise the Consolidated and College statements of comprehensive income and expenditure, the Consolidated and College statements of changes in reserves, the Consolidated and College balance sheets, the Consolidated statement of cash flows and the notes to the financial statements, incorporating the principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 College's affairs as at 31 July 2021 and of its deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 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 Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects

- funds from whatever source administered by the corporation for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The corporation's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Responsibilities of Corporation of City of Sunderland College

As explained more fully in the Statement of Corporation Responsibilities on page 30, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

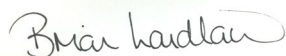
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Review of OFSTED report;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Brian Laidlaw BA CA (Senior Statutory Auditor)

for and on behalf of MHA Tait Walker

Chartered Accountants

Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

Date: 15 December 2021

MHA Tait Walker is a trading name of Tait Walker LLP.

City of Sunderland College Reporting Accountant's Assurance Report on Regularity

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

In accordance with the terms of our engagement letter dated 25 September 2020 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the Corporation of City of Sunderland College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

Respective responsibilities of the Corporation of City of Sunderland College and the reporting accountant

The Corporation of City of Sunderland College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities 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 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Reporting accountant's assurance report on regularity (continued)

The work undertaken to draw to our conclusion includes:

- An assessment of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including inquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



**Brian Laidlaw BA CA (Senior Statutory Auditor)
for and on behalf of MHA Tait Walker**

Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE33LS

Date 15 December 2021

MHA Tait Walker is a trading name of Tait Walker LLP.

City of Sunderland College

Members' Report and Financial Statements for the year ended 31 July 2021

Consolidated and College Statements of Comprehensive Income

INCOME	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Group £'000	College £'000	Group £'000	College £'000
Funding body grants	2	41,562	41,562	42,972	42,972
Tuition fees and education contracts	3	6,194	6,194	6,684	6,684
Other income	4	2,067	2,067	2,021	1,884
Endowment and investment income	5	2	2	8	8
Total Income		49,825	49,825	51,685	51,548
EXPENDITURE					
Staff costs	6	32,419	32,419	33,770	33,663
Restructuring costs	6	703	703	414	414
Other operating expenses	7	14,401	14,401	14,522	14,751
Depreciation and impairment	10	4,330	4,330	4,222	4,218
Interest payable and other finance costs	8	1,311	1,311	1,101	1,101
Total Expenditure		53,164	53,164	54,029	54,147
(Deficit)/surplus before other gains and losses		(3,339)	(3,339)	(2,344)	(2,599)
Loss on disposal of assets		-	-	(37)	(37)
(Deficit)/surplus before tax		(3,339)	(3,339)	(2,381)	(2,636)
Tax	9	-	-	-	-
(Deficit)/surplus for the year		(3,339)	(3,339)	(2,381)	(2,636)
Actuarial gain/(loss) in respect of pension schemes	21	20,117	20,117	(30,483)	(30,483)
Total Comprehensive Income for the year		16,778	16,778	(32,864)	(33,119)

City of Sunderland College

Members' Report and Financial Statements for the year ended 31 July 2021

Consolidated and College Statements of Changes in Reserves

	Income & Expenditure Account	Revaluation Reserve	Restricted Reserve	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2019	26,813	12,425	124	39,362
Surplus from the income and expenditure account	(2,381)	-	-	(2,381)
Other comprehensive income	(30,483)	-	-	(30,483)
Total comprehensive income for the year	(32,864)	-	-	(32,864)
Transfers between revaluation and income and expenditure reserves	271	(271)	-	-
Balance at 31 July 2020	(5,780)	12,154	124	6,498
(Deficit)/surplus from the income and expenditure account	(3,339)	-	-	(3,339)
Other comprehensive income	20,117	-	-	20,117
Total comprehensive income for the year	16,778	-	-	16,778
Transfers between revaluation and income and expenditure reserves	186	(186)	-	-
Balance at 31 July 2021	11,184	11,968	124	23,276
College				
Balance at 1 August 2019	27,068	12,425	124	39,617
Surplus from the income and expenditure account	(2,636)	-	-	(2,636)
Other comprehensive income	(30,483)	-	-	(30,483)
Total comprehensive income for the year	(33,119)	-	-	(33,119)
Transfers between revaluation and income and expenditure reserves	271	(271)	-	-
Balance at 31 July 2020	(5,780)	12,154	124	6,498
(Deficit)/surplus from the income and expenditure account	(3,339)	-	-	(3,339)
Other comprehensive income	20,117	-	-	20,117
Total comprehensive income for the year	16,778	-	-	16,778
Transfers between revaluation and income and expenditure reserves	186	(186)	-	-
Balance at 31 July 2021	11,184	11,968	124	23,276

City of Sunderland College

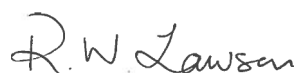
Members' Report and Financial Statements for the year ended 31 July 2021

Balance Sheets as at 31 July

Notes

		Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
Fixed assets					
Tangible assets	10	121,930	121,930	120,690	120,690
Total fixed assets		121,930	121,930	120,690	120,690
Current Assets					
Stocks		83	83	170	170
Debtors	12	1,895	1,895	1,335	1,335
Cash at bank and in hand	17	2,058	2,058	475	475
Total current assets		4,036	4,036	1,980	1,980
Less creditors – amounts falling due within one year	13	(10,395)	(10,395)	(7,289)	(7,289)
Net current liabilities		(6,359)	(6,359)	(5,309)	(5,309)
Total assets less current liabilities		115,571	115,571	115,381	115,381
Less creditors: amounts falling due after more than one year	14	(46,702)	(46,702)	(45,172)	(45,172)
Provisions					
Defined benefit obligations	16	(40,586)	(40,586)	(56,615)	(56,615)
Other provisions	16	(5,007)	(5,007)	(7,096)	(7,096)
Total net assets		23,276	23,276	6,498	6,498
Unrestricted reserves					
Income & expenditure account		11,184	11,184	(5,780)	(5,780)
Revaluation reserve		11,968	11,968	12,154	12,154
Total unrestricted reserves		23,152	23,152	6,374	6,374
Restricted reserves		124	124	124	124
Total reserves		23,276	23,276	6,498	6,498

The financial statements on pages 36 to 64 were approved by the Corporation on 14 December 2021 and were signed on its behalf on that date by:



Mr R Lawson (Chair)



Ms E Thinesen (Accounting Officer)

City of Sunderland College

Members' Report and Financial Statements for the year ended 31 July 2021

Consolidated Statement of Cash Flows

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flows from operating activities			
Surplus for the year		(3,339)	(2,381)
Adjustment for non-cash items			
Depreciation and impairment		4,330	4,222
(Increase)/decrease in stocks		(10)	18
(Increase) in debtors		(560)	879
Decrease in creditors		80	(3,603)
Increase/(decrease) in provisions		(2,089)	(770)
Pensions costs less contributions paid		3,310	1,792
Adjustment for investing or financing activities		1,722	157
Investment income		(2)	(8)
Interest payable		1,311	1,101
Loss on sale of fixed assets		-	37
Taxation paid		-	-
Net cash flow from operating activities		3,031	1,287
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	1,077
Capital Grant Receipts		4,396	6,350
Investment income		2	8
Payments made to acquire fixed assets		(4,500)	(7,251)
		(102)	184
Cash flows from financing activities			
Interest paid		(533)	(596)
Repayments of amounts borrowed		(813)	(1,751)
		(1,346)	(2,347)
Increase/(decrease) in cash and cash equivalents in the year		1,583	(876)
Cash and cash equivalents at beginning of the year	17	475	1,351
Cash and cash equivalents at end of the year	17	2,058	475

Notes to the Financial Statements for the Year 31 July 2021

1 Accounting policies

Statement of accounting policies

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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The Group 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's accounting policies.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the Group and its subsidiaries, COSC Supplies Limited, Blue Square Trading Limited and Sunderland College Enterprises Limited and Kirkley Hall 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. In accordance with FRS 102, the activities of the student union have not been consolidated because the Group does not exercise control over those activities. All financial statements are made up to 31 July 2021.

Going concern

The activities of the Group, together with the key factors likely to affect its future development and performance are set out in the Members' Report, including those relating to COVID-19. The financial position of the Group, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

Future forecasts are based on the level of notified funding for 16-19 learners and AEB, recruitment numbers along with anticipated levels of income on other lines that reflect the anticipated financial impact of COVID-19. Anticipated associated restructuring savings and non-staff savings have also been made. Despite the impact of COVID-19 the Group is still forecasting a healthy Educational EBITDA position.

The Group has sufficient cash reserves to fund day-to-day activities, including cash at bank of £2.1m (2020: £0.5m). The Group currently has six loans outstanding, totalling £12.1m (2020: £12.7m), negotiated on different terms and all loans are secured. The Group's financial forecasts and financial projections indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future.

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

1 Accounting policies (continued)

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Income from franchised HE delivery is recognised based on the actual reconciliation figures received from the partner University and is based on student income earned for the current financial year.

Other discrete Education and Skills Funding Agency (ESFA) funds received during the year are taken to income and expenditure as incurred in line with the specific terms and conditions attached to each fund by the Funding Bodies.

Grants (including research grants) from non-government sources are recognised in income when the Group 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.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the Group is entitled to the funds subject to any performance related conditions being met.

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.

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

Accounting for post-employment benefits

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

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 Group 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 the Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

1 Accounting policies (continued)

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 other recognised gains and losses.

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

Short term Employment benefits.

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group monthly. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the Group's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Group, on a straight line basis, generally of 50 years. The Group has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 2014, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

1 Accounting policies (continued)

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 Group, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated on a straight-line basis over their useful economic life as follows:

- Motor vehicles and general equipment 3 years on a straight-line basis
- Computer equipment 5 years on a straight-line basis
- Furniture and fittings 10 years on a straight-line basis

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the useful economic life of the related equipment.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred, other than those directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalised and written off over the life of the associated asset.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual College financial statements.

Inventories

Inventories are stated at the lower of their cost (using the FIFO method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

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 3 months without penalty.

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

Financial liabilities and equity

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

1 Accounting policies (continued)

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102 and are held at amortised cost. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The Group 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 Group 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 Group is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the 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 Group's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when the Group 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 Group 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 Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The Group acts as an agent in the collection and payment of discretionary support funds, free school meals and bursaries. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account of the Group where the Group is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

1 Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, 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 programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Where impairment indicators have been identified, there can be an element of estimation uncertainty in respect of the assessment of the recoverable value of the asset. The significant impairment in the year arises on property which is surplus to requirements. This value is assessed by qualified valuers based on the condition of the assets and recent similar transactions in the relevant market.

- *Local Government Pension Scheme*

The present value of the 2 Local Government Pension Schemes (Teesside Pension Fund and Tyne & Wear Pension Fund) defined benefit liabilities depend 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 liabilities. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liabilities at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liabilities.

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2 Funding body grants

	Group Year ended 31 July 2021 £'000	College Year ended 31 July 2021 £'000	Group Year ended 31 July 2020 £'000	College Year ended 31 July 2020 £'000
Education and Skills Funding Agency – 16-18	26,339	26,339	25,646	25,646
Education and Skills Funding Agency – Adult	7,334	7,334	7,535	7,535
Education and Skills Funding Agency – Apprenticeships	3,667	3,667	4,763	4,763
Office for Students	521	521	611	611
Specific grants				
Education and Skills Funding Agency Other	2,234	2,234	3,680	3,680
Release of government capital grants	1,069	1,069	700	700
Higher Education grant	17	17	37	37
Specific grants – Coronavirus additional funding				
Education and Skills Funding Agency 16-19 Tuition Funding	381	381	-	-
Total	41,562	41,562	42,972	42,972

3 Tuition fees and education contracts

	Group Year ended 31 July 2021 £'000	College Year ended 31 July 2021 £'000	Group Year ended 31 July 2020 £'000	College Year ended 31 July 2020 £'000
Adult education fees	196	196	287	287
Apprenticeship fees and contract	38	38	98	98
Fees for FE loan supported courses	1,934	1,934	1,464	1,464
Fees for HE loan supported courses	2,752	2,752	3,416	3,416
Total tuition fees	4,920	4,920	5,265	5,265
Education contracts	1,274	1,274	1,419	1,419
Total	6,194	6,194	6,684	6,684

4 Other income

	Group Year ended 31 July 2021 £'000	College Year ended 31 July 2021 £'000	Group Year ended 31 July 2020 £'000	College Year ended 31 July 2020 £'000
Catering and residences	321	321	587	551
Non-government capital grants	16	16	107	107
Miscellaneous income	1,625	1,625	1,175	1,074
Coronavirus Job Retention Scheme income	105	105	152	152
Total	2,067	2,067	2,021	1,884

The Corporation furloughed Catering Assistants, Estates Technicians, Maintenance Staff Zoo Hosts and Presenters, Business Executives, Training & Sales Advisors, Part time lecturers, Front of House and Commercial staff under the governments Coronavirus Job Retention Scheme. The funding received of £105k relates to staff costs which are included within the staff costs note below.

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5 Investment income

	Group Year ended 31 July 2021 £'000	College Year ended 31 July 2021 £'000	Group Year ended 31 July 2020 £'000	College Year ended 31 July 2020 £'000
Other interest receivable	2	2	8	8
Total	2	2	8	8

6 Staff costs

	Group 2021 No.	College 2021 No.	Group 2020 No.	College 2020 No.
Teaching staff	592	592	731	731
Non-teaching staff	280	280	250	248
	872	872	981	979

	Group 2021 No.	College 2021 No.	Group 2020 No.	College 2020 No.
Teaching staff expressed as FTE	481	481	573	573
Non-teaching staff expressed as FTE	228	228	196	194
	709	709	769	767

Staff costs for the above persons

	Group Year ended 31 July 2021 £'000	College Year ended 31 July 2021 £'000	Group Year ended 31 July 2020 £'000	College Year ended 31 July 2020 £'000
Wages and salaries	21,026	21,026	22,693	22,597
Social security costs	2,032	2,032	2,197	2,193
Other pension costs	7,495	7,495	6,732	6,725
Payroll sub total	30,553	30,553	31,622	31,515
Contracted out staffing services	1,866	1,866	2,148	2,148
	32,419	32,419	33,770	33,663
Fundamental restructuring costs – Contractual	703	703	414	414
Total staff costs	33,122	33,122	34,184	34,077

Key management personnel – Group and College

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the Senior Leadership Team, which comprises the Accounting Officer, Principal of Northumberland College, Principal of Sunderland College and Chief Operating Officer.

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6 Staff costs (continued)

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

	2021 No.	2020 No.
The number of senior post-holders including the Accounting Officer was:	4	3

Key management personnel – Group and College

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

	Key management		Other staff	
	2021	2020	2021	2020
£60,001 to £65,000	-	-	6	2
£70,001 to £75,000	-	-	3	2
£75,001 to £80,000	-	-	1	1
£80,001 to £85,000	-	1	-	-
£85,001 to £90,000	1	-	-	-
£95,001 to £100,000	1	1	-	-
£135,001 to £140,000	-	1	-	-
£145,001 to £150,000	1	-	-	-
	<u>3</u>	<u>3</u>	<u>10</u>	<u>5</u>

The 2021 key management personnel excludes the Principal (Sunderland & Hartlepool) who commenced employment for the Group in July 2021. The position would have been included within the figures above had the position been occupied for the full financial year.

Key management personnel emoluments are made up as follows:

	£'000	£'000
Salaries	345	324
Employer's National Insurance	44	41
	<u>389</u>	<u>365</u>
Pension contributions	61	55
Total emoluments	<u><u>450</u></u>	<u><u>420</u></u>

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

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

The Accounting Officer

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £000
Salaries	150	140
Pension contributions	<u>36</u>	<u>32</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

6 Staff costs (continued)

Each year, the Chair of Corporation agrees with the Accounting Officer objectives for the year ahead. These objectives are items considered over and above the day to day remit of the role and are specifically linked to the delivery of the Group's Strategy. The Chair of Corporation undertakes a professional development conversation with the Accounting Officer annually where performance of the previous year's objectives is fully considered and then presented to the Governance Committee. In the 2020-21 academic year the Chair of Corporation and Governance Committee found the Chief Executive to have met all objectives. Additionally, consideration was given to comparative reward information (from 1- the Association of Colleges [Principal and CE remuneration data] and 2- the FE Commissioner's Office) by the Governance Committee for further consideration and challenge. The conclusion of the Governance Committee is that the CE exceeded her expected performance level and that based on sector information her reward package required an uplift.

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

	2021	2020
Principal's basic salary as a multiple of the median of all staff	5.60	5.30
Principal and CEO's total remuneration as a multiple of the median of all staff	5.60	5.30

7 Other operating expenses

	Group Year ended 31 July 2021 £'000	College Year ended 31 July 2021 £'000	Group Year ended 31 July 2020 £'000	College Year ended 31 July 2020 £'000
Teaching costs	4,241	4,241	4,205	4,205
Non-teaching costs	3,412	3,412	4,441	4,670
Premises costs	4,386	4,386	4,532	4,532
Payments to non-College partners	2,362	2,362	1,344	1,344
Total	14,401	14,401	14,522	14,751

Other operating expenses include:

	Group Year ended 31 July 2020 £'000	Group Year ended 31 July 2020 £'000
Auditors' remuneration:		
financial statements 2020 and 2021 audit MHA Tait Walker*	54	45
financial statements 2019 audit KPMG LLP	-	39
other services provided by financial statements auditor	6	-
internal audit	26	14
Hire of other assets – operating leases	1,265	1,292

*includes £0 in relation to subsidiaries (2019/20 £3,000)

8 Interest and other finance costs - Group and College

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
On bank loans, overdrafts and other loans	533	596
Pension finance costs (note 21)	778	505
Total	1,311	1,101

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9 Taxation (Group)

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
United Kingdom corporation tax at 19 per cent	-	-
Total	-	-

10 Tangible Fixed Assets (Group)

	Freehold land and buildings £'000	Equipment £'000	Livestock £'000	Total £'000
Cost or deemed cost				
At 1 August 2020	131,931	34,391	244	166,566
Additions	4,351	1,219	-	5,570
Disposals	(1,580)	(20,051)	-	(21,631)
At 31 July 2021	134,702	15,559	244	150,505
Depreciation				
At 1 August 2020	18,014	27,828	34	45,876
Charge for the year	3,515	790	25	4,330
Elimination in respect of disposals	(1,580)	(20,051)	-	(21,631)
At 31 July 2021	19,949	8,567	59	28,575
Net book value at 31 July 2021	114,753	6,992	185	121,930
Net book value at 31 July 2020	113,917	6,563	210	120,690

10 Tangible Fixed Assets (College)

	Freehold land and buildings £'000	Equipment £'000	Livestock £'000	Total £'000
Cost or deemed cost				
At 1 August 2020	131,931	34,381	244	166,556
Additions	4,351	1,219	-	5,570
Disposals	(1,580)	(20,041)	-	(21,621)
At 31 July 2021	134,702	15,559	244	150,505
Depreciation				
At 1 August 2020	18,014	27,818	34	45,866
Charge for the year	3,515	790	25	4,330
Elimination in respect of disposals	(1,580)	(20,041)	-	(21,621)
At 31 July 2021	19,949	8,567	59	28,575
Net book value at 31 July 2021	114,753	6,992	185	121,930
Net book value at 31 July 2020	113,917	6,563	210	120,690

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Land and buildings with a net book value of £4,280,000 (2020: £4,466,000) have been financed by exchequer funds. Should these assets be sold, the Group may be liable, under the terms of the Financial Memorandum with the Education and Skills Funding Agency to surrender the proceeds.

11 Investments

	College 31 July 2021 £	College 31 July 2020 £
Cost		
Investments in subsidiary companies	4	5

The Group owns 100% of the issued ordinary £1 shares of Kirkley Hall Limited, Blue Square Trading Limited, COSC Supplies Limited and Sunderland College Enterprises Limited, companies incorporated in England and Wales. Business Solutions Recruitment Services Limited was voluntarily struck off the register at Companies House during the course of the year.

The principal business activities of these companies are:

Kirkley Hall Limited – was various commercial operations from the Kirkley Hall site, Northumberland – Trade ceased 31 October 2019.

Business Solutions Recruitment Services – recruitment services, the company underwent voluntary strike off during the course of the financial year.

Blue Square Trading Limited, Bede Centre, Durham Road, Sunderland. SR3 4AH – dormant;

COSC Supplies Limited, Bede Centre, Durham Road, Sunderland. SR3 4AH – dormant;

Sunderland College Enterprises Limited, Bede Centre, Durham Road, Sunderland. SR3 4AH – dormant

12 Debtors

	Group 31 July 2021 £'000	College 31 July 2021 £'000	Group 31 July 2020 £'000	College 31 July 2020 £'000
Amounts falling due within one year				
Trade receivables	297	297	309	309
Prepayments and accrued income	1,598	1,598	1,026	1,026
Total	1,895	1,895	1,335	1,335

13 Creditors: amounts falling due within one year

	Group 31 July 2021 £'000	College 31 July 2021 £'000	Group 31 July 2020 £'000	College 31 July 2020 £'000
Loans and overdrafts	833	833	561	561
Obligations under finance leases	235	235	212	212
Trade payables	2,651	2,651	1,628	1,628
Taxation and social security	977	977	888	888
Accruals and deferred income	4,520	4,520	3,142	3,142
Deferred income – government capital grants	1,179	1,179	858	858
	10,395	10,395	7,289	7,289

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14 Creditors: amounts falling due after one year

	Group 31 July 2021 £'000	College 31 July 2021 £'000	Group 31 July 2020 £'000	College 31 July 2020 £'000
Loans	11,293	11,293	12,116	12,116
Obligations under finance leases	304	304	402	402
Deferred income – government capital grants	35,105	35,105	32,654	32,654
	46,702	46,702	45,172	45,172

15 Maturity of debt – Group and College

	31 July 2021 £'000	31 July 2020 £'000
Loans		
Loans are repayable as follows:		
In one year or less on demand	833	561
Between one and two years	698	828
Between two and five years	1,958	2,110
In five years or more	8,637	9,178
	12,126	12,677
Total		

Loans repayable are analysed above based on committed repayment dates as set out within each loan agreement.

The Group has six term loans, these are included above, net of unamortised issue costs of £46,000 (2020: £81,000). All loans are secured on Group Land & Buildings.

The first loan has an overall balance of £4,309,000, is repayable over twenty years, with interim reviews every five years, at which time the term can be extended, on agreement by both parties. No element of this loan is currently secured on a fixed rate.

The second loan is a revolving facility of £137,000 repayable on 30 July 2022. This loan incurs interest on a floating basis.

The third and fourth loans transferred to the Group and College on the acquisition of Hartlepool Sixth Form Group on 1 August 2017. One of these loans is fixed, has an outstanding balance of £1,137,000, is repayable by 28 March 2035 and bears interest at 7.05%. The other loan is floating, repayable by 28 December 2022 and has an outstanding balance of £37,000.

The fifth and sixth loans transferred to the Group and College on the acquisition of Northumberland College on 22 March 2019 and both of these are fixed. One of these loans has an outstanding balance of £1,027,000, is repayable by 31 March 2026 and bears interest at 3.72%. The other loan has an outstanding balance of £5,525,000, is repayable by 31 March 2055 and bears interest at 4.55%.

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15 Maturity of debt – Group and College (continued)

	31 July 2021 £'000	31 July 2020 £'000
Finance leases		
Finance leases are repayable as follows:		
In one year or less	235	212
Between one and two years	162	188
Between two and five years	142	214
In five years or more	-	-
Total	539	614

The finance leases obligations shown are secured on the assets to which they relate.

16 Provisions - Group and College

	Defined benefit obligations £'000	Enhanced Pensions £'000	Onerous Leases £'000	Deferred Grants £'000	Total £'000
At 1 August 2020	56,615	3,820	935	2,341	63,711
Expenditure in the period	(1,649)	(269)	(53)	(1,650)	(3,621)
Released in the year	(14,380)	(82)	(35)	-	(14,462)
At 31 July 2021	40,586	3,469	847	691	45,593

Defined benefit obligations relate to the liabilities under the Group's membership of Local Government Pension Schemes. Further details are given in Note 21.

The enhanced pension provision relates to the cost of staff who have already left the Group's employ. This provision has been recalculated in accordance with guidance issued by the funding bodies.

Other provisions arising on acquisition relate to the costs of onerous leases which transferred to the Group upon merger with Northumberland College.

Deferred grants are amounts due to funding bodies.

The principal assumptions for the calculation of Enhanced Pensions are:

	2021	2020
Inflation rate	2.6%	2.3%
Discount rate	1.7%	1.4%

17 Cash and cash equivalents

	At 1 August 2020 £'000	Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Group				
Cash and cash equivalents	475	1,583	-	2,058
Total	475	1,583	-	2,058

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18 Analysis of net debt

Group	At 1 August 2020 £'000	Cash flows £'000	Other Changes £'000	At 31 31 July 2021 £'000
Cash and cash equivalents	475	1,583	-	2,058
Bank loans	(12,677)	586	(35)	(12,126)
Finance Leases	(614)	227	(152)	(539)
	<u>(12,816)</u>	<u>2,396</u>	<u>(187)</u>	<u>(10,607)</u>

19 Capital and other commitments

	Group 31 July 2021 £'000	Group 31 July 2020 £'000
Commitments contracted for at 31 July	<u>1,929</u>	<u>1,105</u>

20 Lease obligations

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

Future minimum lease payments due	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Land and buildings		
Not later than one year	92	97
Later than one year and not later than five years	191	218
Later than five years	217	242
	<u>500</u>	<u>557</u>
Other		
Not later than one year	1,153	1,019
Later than one year and not later than five years	922	118
Later than five years	-	-
	<u>2,075</u>	<u>1,137</u>

21 Defined benefit obligations

The Group's employees belong to three principal post-employment pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and two Local Government Pension Schemes (LGPS) for non-teaching staff. The LGPS schemes are managed by Tyne and Wear Pension Fund and Teesside Pension Fund. All schemes are 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 as at 31 March 2016 and of the LGPS 31 March 2019.

Total pension cost for the year	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Teacher's Pension Scheme: contributions paid	2,618	2,749
Tyne and Wear Local Government Pension Scheme:		
Contributions paid	1,600	1,780
FRS 102 (28) charge	<u>3,190</u>	<u>1,700</u>
Charge to the Statement of Comprehensive Income	4,790	3,480
Teesside Local Government Pension Scheme:		
Contributions paid	49	52
FRS 102 (28) charge	<u>120</u>	<u>92</u>
Charge to the Statement of Comprehensive Income	169	144
Enhanced pension charge to Statement of Comprehensive Income	(82)	352
Total Pension cost for year	<u>7,495</u>	<u>6,725</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, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

Accordingly, the Group 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 Group has set out above the information available on the plan and the implications for the Group in terms of the anticipated contribution rates.

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

21 Defined benefit obligations (continued)

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 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £2,618,000 (2019/20: £2,749,000)

FRS 102 (28)

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

Accordingly, the Group 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 Group has set out above the information available on the plan and the implications for the Group in terms of the anticipated contribution rates.

Tyne and Wear Local Government Pension Scheme - Group and College

The Tyne and Wear LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by South Tyneside Council. The total contribution made for the year ended 31 July 2021 was £2,120,000 of which employer's contributions totalled £1,600,000 and employees' contributions totalled £520,000. The agreed contribution rates for future years are 18.7% of pensionable pay for employers, and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the fund as at 31 March 2019, updated to 31 July 2021 by a qualified independent actuary (AON).

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	4.1%	3.8%
Rate of increase for pensions in payment/inflation	2.6%	2.3%
Discount rate for scheme liabilities	1.7%	1.4%
Inflation assumption (CPI)	2.6%	2.3%

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21 Defined benefit obligations (continued)

Tyne and Wear Local Government Pension Scheme – Group and College (continued)

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

	At 31 July 2021	At 31 July 2020
Retiring today		
Males	21.9	21.8
Females	25.1	25.0
Retiring in 20 Years		
Males	23.6	23.5
Females	26.9	26.8

The fair value of the estimated asset allocation of the Tyne and Wear Pension Fund were as follows:

	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Equities	61,958	49,510
Government Bonds	2,201	2,220
Corporate Bonds	21,570	21,190
Property	8,694	8,510
Cash	4,402	1,760
Other	11,225	9,350
Total fair value of plan assets	110,050	92,540
Actual return on plan assets	18,220	4,610

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21 Defined benefit obligations (continued)

Tyne and Wear Local Government Pension Scheme – Group and College (continued)

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

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Fair value of plan assets	110,050	92,540
Present value of plan liabilities	(148,690)	(146,440)
Net pensions liability (Note 16)	<u>(38,640)</u>	<u>(53,900)</u>

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

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Amounts included in staff costs		
Current service cost	4,770	3,430
Curtailments and settlements	20	-
Past service cost	-	50
Total	<u>4,790</u>	<u>3,480</u>

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Amounts included in interest and other finance costs		
Net pension finance costs	740	480
Pension finance cost	<u>740</u>	<u>480</u>

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	16,930	(6,750)
Experience gains/(losses) arising on defined benefit obligations	2,260	(22,380)
Amount recognised in Other Comprehensive Income	<u>19,190</u>	<u>(29,130)</u>

21 Defined benefit obligations (continued)

Tyne and Wear Local Government Pension Scheme – Group and College (continued)

Movement in net defined benefit liability during year	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Deficit in scheme at 1 August	(53,900)	(22,590)
Movement in year:		
Current service cost	(4,770)	(3,430)
Employer contributions	1,600	1,780
Curtailments and settlements	(20)	-
Past service cost	-	(50)
Net interest on the defined liability	(740)	(480)
Actuarial (loss)/ gain	19,190	(29,130)
Net defined liability at 31 July	(38,640)	(53,900)

Changes in the present value of defined benefit obligations	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Defined benefit obligations at start of period	146,440	120,270
Current service cost	4,770	3,430
Interest cost	2,030	2,620
Contributions by Scheme participants	520	530
Experience gains and losses on defined benefit obligations	(2,260)	22,380
Estimated benefits paid	(2,830)	(2,840)
Curtailments and settlements	20	-
Past service cost	-	50
Defined benefit obligations at end of period	148,690	146,440

Changes in fair value of plan assets	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Fair value of plan assets at start of period	92,540	97,680
Interest on plan assets	1,290	2,140
Return on plan assets	16,930	(6,750)
Employer contributions	1,600	1,780
Contributions by Scheme participants	520	530
Estimated benefits paid	(2,830)	(2,840)
Fair value of plan assets at end of period	110,050	92,540

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21 Defined benefit obligations (continued)

Teesside Local Government Pension Scheme – Group and College

The Teesside LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Teesside Pension Fund. The total contribution made for the year ended 31 July 2021 was £68,000 of which employer's contributions totalled £49,000 and employees' contributions totalled £19,000. The agreed contribution rates for future years are 15.2% of pensionable pay for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the fund as at 31 March 2019, updated to 31 July 2021 by a qualified independent actuary (AON).

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.6%	3.3%
Rate of increase for pensions in payment/inflation	2.6%	2.3%
Discount rate for scheme liabilities	1.7%	1.4%
Inflation assumption (CPI)	2.6%	2.3%

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

	At 31 July 2021	At 31 July 2020
Retiring today		
Males	21.9	21.8
Females	23.6	23.5
Retiring in 20 Years		
Males	23.3	23.2
Females	25.4	25.3

The fair value of the estimated asset allocation of the Teesside Pension Fund were as follows:

	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Equities	3,938	3,174
Property	363	334
Cash	413	484
Other	264	184
Total fair value of plan assets	<u>4,978</u>	<u>4,176</u>
Actual return on plan assets	<u>873</u>	<u>(403)</u>

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21 Defined benefit obligations (continued)

Teesside Local Government Pension Scheme – Group and College (continued)

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

	31 July 2021 £'000	31 July 2020 £'000
Fair value of plan assets	4,978	4,176
Present value of plan liabilities	(6,924)	(6,891)
Net pensions liability (Note 16)	<u>(1,946)</u>	<u>(2,715)</u>

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

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Amounts included in staff costs		
Current service cost	169	144
Past service cost	-	-
Total	<u>169</u>	<u>144</u>

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Amounts included in interest and other finance costs		
Net pension finance costs	38	25
Pension finance cost	<u>38</u>	<u>25</u>

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	815	(500)
Experience gains/(losses) arising on defined benefit obligations	112	(853)
Amount recognised in Other Comprehensive Income	<u>927</u>	<u>(1,353)</u>

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21 Defined benefit obligations (continued)

**Teesside Local Government Pension Scheme – Group and College
(continued)**

Movement in net defined benefit liability during year	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
At the beginning of the year	(2,715)	(1,245)
Movement in year:		
Current service cost	(169)	(144)
Employer contributions	49	52
Net interest on the defined liability	(38)	(25)
Actuarial gain/(loss)	927	(1,353)
Net defined liability at 31 July	(1,946)	(2,715)

Changes in the present value of defined benefit obligations	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Defined benefit obligations at start of period	6,891	5,872
Current service cost	169	144
Interest cost	96	122
Contributions by Scheme participants	19	20
Experience gains and losses on defined benefit obligations	(112)	853
Estimated benefits paid	(139)	(120)
Past service cost		
Defined benefit obligations at end of period	6,924	6,891

Changes in fair value of plan assets	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Fair value of plan assets at start of period	4,176	4,627
Interest on plan assets	58	97
Return on plan assets	815	(500)
Employer contributions	49	52
Contributions by Scheme participants	19	20
Estimated benefits paid	(139)	(120)
Fair value of plan assets at end of period	4,978	4,176

22 Related party transactions

Owing to the nature of the Group'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 are conducted at arm's length and in accordance with the Group's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £0; 0 governors (2019/20: £743; 4 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governors meetings and charity events, in their official capacity.

No governor has received any remuneration or waived payments from the Group or its subsidiaries during the year (2019/20: £0).

23 Amounts disbursed as agent

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Funding body grants - bursary support	815	889
Funding body grants – free meals	264	264
Other funding body grants	165	328
	<u>1,244</u>	<u>1,481</u>
Disbursed to students	1,187	1,481
Administration costs	50	-
	<u>7</u>	<u>-</u>
Balance unspent at 31 July, include in creditors	<u>7</u>	<u>-</u>

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

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24 Business combination with Kirkley Hall Limited

Following the acquisition of Northumberland College in 2018/19, the College has subsequently transferred the trade and assets of Kirkley Hall Limited, a subsidiary investment, into the College itself on 31 October 2019. The transfer was via the intercompany account.

The combination had the following effect on the College's assets and liabilities:

	Provisional Fair Values £'000
Fixed assets	
Tangible assets	52
Current assets	
Stock	12
Amounts due from subsidiaries	(97)
Cash	73
Total assets	40
Creditors	
Trade payable	10
Taxation and social security	23
Accruals	7
Total liabilities	40
Net identifiable assets and liabilities	0

25 Subsequent events

The College has been selected by ESFA to undergo an external funding audit as part of their annual sample of colleges. This is an independent audit and the findings of ESFA will be made available after the approval of these financial statements. We do not expect any matters to be identified that would result in a material misstatement within the 31 July 2021 financial statements and these financial statements have been approved accordingly.