

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

**Report and financial statements for the period
1 August 2024 to 31 July 2025**

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HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2025.

Strategic update

The mission of the College is a simple one, "Excellence in Further and Higher Education to transform students' lives". The College continues to stand as a landmark and anchor institution in the Town, delivering on our mission of high-quality education in Hartlepool and the surrounding areas.

Hartlepool College is a small to medium-sized further education institution delivering a broad and responsive curriculum for learners aged 16 and above. Provision spans multiple levels, qualification types, and funding streams. The College plays a central role in responding to the town's socio-economic challenges by addressing both skills and employment needs. In addition to its post-16 provision, the College also offers a targeted 14–16 alternative education programme in partnership with the local authority and local secondary feeder schools, ensuring younger learners have access to appropriate pathways that support engagement, progression, and re-entry into mainstream education or vocational study.

Hartlepool College takes great pride in developing the personal, social, and professional skills of learners from Hartlepool and the wider Tees Valley. While the local demographic presents economic and social challenges, staff demonstrate a strong sense of purpose, resilience, and care in supporting students to achieve their potential.

Through an ambitious, career-focused curriculum and comprehensive student support services, the College ensures that every learner, whether on a full-time, part-time, or apprenticeship pathway has access to meaningful opportunities for growth, reflection, and participation in their community. This commitment supports the College's mission of transforming lives and nurtures confident, responsible citizens prepared for further study, employment, and life beyond the College.

The College's curriculum is designed with a clear focus on meeting local, regional, and national skills needs. It aligns with the priorities of the Tees Valley Combined Authority (TVCA) Strategic Economic Plan and the North-East Combined Authority's (NECA) priority sector areas, and both the Tees Valley and North-East Local Skills Improvement Plans (LSIPs), alongside wider national policy objectives. The College's Strategic Plan articulates how the curriculum transforms lives, equipping learners with the knowledge, skills and qualifications they need to progress into employment and wider society.

The College continues to play a pivotal role in tackling regional skills shortages, supporting economic growth, and reducing unemployment across the Tees Valley and wider North-East. Through industry-focused programmes and strong employer partnerships, it equips learners with the skills, knowledge, and experience needed to secure sustainable careers and contribute effectively to the regional workforce. This strategic alignment ensures the College remains responsive to evolving economic priorities and employer demand. In 24/25, the College achieved the highest score in the North-East for alignment to national skills priorities and ranked third nationally out of 154 General Further Education Colleges, surpassed only by two specialist institutions.

Curriculum demand continues to evolve, in 24/25 the College completed the first delivery of T Levels in Health, Early Years, Engineering and Construction with strong outcomes, we also saw a significant increase in English and Maths enrolments linked to the funding condition for young people's programmes of study. Enrolments in these subjects continued to be extremely high. The scale of delivery required to meet this obligation places considerable financial strain on the College, as funding does not fully reflect the management and assessment demands associated with these programmes.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

The College has the highest expectations for every student, and it is important that the College is an environment which is inclusive and safe for our learners. The College offers a broad curriculum covering a variety of professional and technical subjects, which is inclusive in terms of curriculum coverage and meets the needs of a diverse range of students, including those with high levels of need who, for whatever reason, did not get a chance to excel at school to those who wish to undertake higher level professional and technical qualifications. The College maintains its focus on career-oriented education, offering courses across 13 of the 15 sector subject areas, with Engineering, Manufacturing, Construction, and Health being the most populated fields of study. Our student population continues to grow, with almost 5,000 classroom enrolments for its on-site courses during the academic year.

Apprenticeships continue to be an area of expertise for the College, we achieved an Outstanding grade for Apprenticeships at the Ofsted inspection in May 2023, and the College is one of 5 national FE Colleges awarded "Expert Apprenticeship training provider" status, allowing us to contribute and influence policy at a national level. The College has over 1000 students enrolled on apprenticeship programs, and they form a critical and substantial part of the College offer and are important for the College's emphasis on career-oriented education and notable for their broad reach in terms of both employers and learners. These extend beyond the Tees Valley, with a significant number located in other parts of the North East such as County Durham and Tyne and Wear.

The Department for Education's apprenticeship accountability framework is the primary measure of quality for providers. The College concluded the year with all nine indicators graded green, further underlining the outstanding grade for apprenticeships awarded by Ofsted in May 2023.

In 24/25 the College continued its success in apprenticeships, achievement rates continued to improve for the fourth consecutive year, demonstrating success in both retention and achievement. Apprenticeships ended the year 4% higher than the national rates, and all metrics on the government apprenticeship accountability framework were positive. The growth underlines the importance of employer engagement and partnering, and the vital role it plays in developing the skills they need now and, in the future, refining the curriculum, investing in the College facility, improving our technological capabilities, and supporting scholarship programmes in key areas such as Net Zero.

Employer engagement and collaboration is exceptional, well established and has been critical to our success to ensure provision directly supports economic priorities and workforce needs. We also continue to have success with our key partnership with the Seymours Skills academy, an 11-acre specialist training facility developed in partnership with Seymour Civil Engineering. In 24/25, the College trained 962 learners through TVCA-approved programmes, outcomes were highly positive, with 71% of unemployed candidates progressing into work and 100% of employed participants upskilling through promotion, additional responsibility, or salary increase. During 24/25, the College expanded its curriculum through a partnership with Airbourne Colours, a leading aircraft painting and refinishing company, developing a bespoke programme of high-quality skills training, introducing spray booth technology to upskill employees in a growing sector on Teesside.

From August 2024, the Adult Skills Fund replaced the previous Adult Education Budget, introducing a more flexible, employer-driven funding model. Hartlepool College delivers a broad and responsive adult learning curriculum designed to support progression, employability, and lifelong learning. For many adults, this progression means securing employment following training; for others, it involves retraining into new industries or achieving essential qualifications that enhance personal and professional development. Working with devolved authorities to develop bespoke employer led programmes (BELP) has created new opportunities for innovation in curriculum design and allowed the College to refine its offer to better meet local and regional priorities.

All adult provision remains closely aligned to regional strategic priorities, particularly the Tees Valley Strategic Economic Plan and LSIPs for Tees Valley and the North-East. The College's curriculum continues to address critical workforce shortages in advanced manufacturing, construction, engineering, transport, and health and social care.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

Learners with high needs (HNL) continue to flourish at Hartlepool College, the College provides a highly inclusive learning environment where HNL are fully integrated across curriculum areas while benefiting from targeted, specialist support. The overarching intent is to ensure that these learners develop the knowledge, skills, behaviours, and confidence required to achieve their qualifications and progress successfully into further study, employment, or independent living. The curriculum offer for HNL is designed to promote inclusion and personal growth. Learners access a broad range of vocational programmes across all Schools, complemented by tailored support and adapted tutorials. The College places equal emphasis on academic achievement, personal development, wellbeing and raises awareness of employability opportunities.

The number of high-needs learners has grown significantly in 2024/25, including those with EHCPs and have demonstrated strong attendance, retention and achievement rates, exceeding the national performance levels (excl. English and Maths). The 14-16 alternative education pilot continues to grow and expand and strategically remains an area of focus, working in partnership with the Local Authority and feeder schools to support and address the growing need in the Town.

The College fosters high expectations through an inclusive curriculum that challenges and supports learners across all levels. Employer-led projects, competitions, and public exhibitions showcase ambition and achievement, while targeted support in English, Maths, and SEND provision ensures accessibility for all. Focused curriculum reviews, learning walks, and teaching practice reviews provide strong levels of quality assurance. These processes identify good practice and areas for development, driving continuous improvement across academic areas.

The College continues to demonstrate strong civic and community leadership and regional influence across Hartlepool and the wider Tees Valley. Members of the extended leadership team also play active roles as governors and trustees across local schools, charities, and community organisations, ensuring that the College's influence extends beyond education and continues to make a tangible contribution to civic life and regional development.

During 24/25, the College successfully delivered five Turing scheme-funded international work experience programmes across Health & Social Care, Construction, Service Industries and Engineering, which provided learners with opportunities to develop employability skills, cultural awareness, and independence. Across the year, a total of 81 learners undertook three-week placements in Spain, Greece, Germany, and Italy. For T-Level students, these placements contributed directly towards their mandatory industry placement requirements.

Feedback from both learners and employers was overwhelmingly positive. Learners reported increased confidence, adaptability, and resilience, while employers praised the professionalism and enthusiasm of the College's students. Exposure to different working practices and cultures has enhanced learners' personal development and broadened their career horizons. The College continues to champion skills development through competitions and employer-observed events. In 24/25, Skills Week engaged over 1,000 students across all curriculum areas.

Hartlepool has many challenges; the English Indices of Deprivation identify Hartlepool ranked as being one of the most deprived areas in the country based on a range of measures. The proportion of students in receipt of free school meals or bursary continues to increase year on year, reflecting both the socio-economic profile of the local area and the College's commitment to supporting financial accessibility, this included adult funding streams. Over the last three years there have been increases in all five categories of financial support, highlighting the difficulties our students face in their learner journey. The College also continues to invest and support in measures to improve social mobility and provide access to transport to support student access to the College or work experience placements.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

Behaviours and Attitudes

Integral to the College success has been the emphasis it places on its behaviour and culture. The College maintains the highest expectations for its students and apprentices, reinforced through the HARTS initiative, introduced, during induction. HARTS, encompasses Hard work, Ambition, Resilience, Thankfulness, and Self-awareness, and articulates the traits expected for success. This framework is integrated into awards, milestone reviews, and the tutorial program, reinforcing a culture of excellence throughout.

HARTS}

Hard-working
Ambitious
Resilient
Thankful and respectful
Self-aware and regulating

The College fosters a highly positive culture built on mutual respect. Learners consistently demonstrate respect for each other, for staff, and for the College environment. This respectful ethos underpins the wider culture of the College and contributes to a safe, inclusive, and aspirational learning community. Students are set, and respond well to, high standards of behaviour and conduct. HARTS provides a consistent behavioral framework across all curriculum areas and is embedded in day-to-day College life. Learners are and feel safe as evidenced by surveys and learning walks.

In 2024, former Hartlepool College student and world champion boxer Savannah Marshall was inducted into the Association of Colleges' Further Education Hall of Fame, recognising her outstanding achievements and continued connection to the College. Savannah credits the College with supporting her personal and professional development. Her induction highlights the College's lasting impact in transforming lives and inspiring future generations through further education.

Senior leaders and the College Executive play a positive and visible role in reinforcing expectations, greeting students daily and regularly visiting lessons. This presence builds a culture of accountability, ambition, and mutual respect.

Ofsted

In May 2023 the College received its notification for an Ofsted inspection, the first since 2017. The overall judgement was 'good', with a further seven sub-judgements of good and the Colleges apprenticeship provision was deemed 'outstanding'. Inspectors praised the 'supportive environment', 'positive culture' and the 'knowledgeable staff who bring high levels of experience from specialist industries. Safeguarding arrangements were deemed to be effective, and the inspectors noted that the College meets skills need. Further improvements in attendance and the development of learners' written English skills were identified as key focuses for development.

Since the Ofsted inspection in May 2023, Hartlepool College has delivered sustained improvements in teaching, learning and assessment through focused curriculum reviews, increased learning walks, and revised reporting processes.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Hartlepool College of Further Education. The College is an exempt charity for the purposes of part 3 of the Charities Act 2011. The College also has a subsidiary company called Hartlepool Business Development Centre Limited (HBDC) which trades as Flagship Training Solutions, the College has ceased trading through the HBDC throughout the year and aim to strike the company off before April 2026.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

Public Benefit

Hartlepool College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity are disclosed on page 20. In November 2022, the Office for National Statistics (ONS) updated the classification of English Colleges back into the public sector. Colleges and their subsidiaries now form part of central government and now follow the Managing Public Money (MPM) framework.

In setting and reviewing the Colleges strategic objectives, the Governing Body has had due regard for the Charity Commissions 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.

Mission

The Colleges mission as approved by its members is:

'Excellence in further and higher education to transform students' lives'.

Implementation of strategic plan

The College has 5 strategic aims and objectives that are regularly reviewed for us to contribute to national, regional and local priorities, which covers the skills needs of the Tees Valley and North East Local Skills Improvement Plans (LSIPs), as well as feeding into evolving guidance such as the Industrial Strategy and the Post 16 Education and Skills white paper.

The Corporation monitors the performance of the College against these plans and forms a fundamental part of our Annual Accountability Statement. The College strategic aims and updates, are as follows:

1. To offer a curriculum that is aspirational and meets the needs of learners, parents, employers, and stakeholders.

Introducing 5 new T Level routes in Construction, Engineering, Health and Early years. Develop a clean energy curriculum in the pursuit of Net Zero and working with employer partners to create new provision with a particular focus on Hydrogen. Deliver a comprehensive T level and clean energy curriculum offer. Enhance the higher technical offer at the College by increasing the number of local people that study at higher education level at the College.

2. To deliver teaching, learning and assessment practice that results in outstanding outcomes for all learners.

Continue to drive improvements in teaching, learning and assessment to ensure more students achieve their chosen qualifications. Focus on the development of essential skills in English, Maths and digital for all learners. Improve positive progression for all College students, including progression to employment for adults in the Tees Valley.

3. To develop culture as a form of competitive advantage

Deliver a comprehensive programme of staff development with a specific focus on increasing sector related knowledge and skills, deliver teaching, learning and assessment TLA of the highest quality. Investment in the TLA hub. Further invest in digital technologies and associated staff training across all curriculum areas. To attract and recruit the workforce of the future.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

4. To deploy an effective and efficient resource to support and promote outstanding provision.

Deliver the Care Academy with North Tees and Hartlepool NHS Foundation Trust to meet the Government's agenda for new and replacement public sector roles whilst servicing the Tees Valley's largest employment sector. Utilise the state-of-the-art facility that will further enhance the College's curriculum offer in Engineering, Manufacturing and Construction including the development of a Civil Engineering Academy with partners Seymour Civil Engineering. Supply highly skilled individuals to the clean energy sector and businesses expected in the Tees Valley as part of the Freeport developments.

Deliver exemplary financial performance and financial resilience, effective management of public funds. Execute on the comprehensive multiyear Estates and IT strategies.

5. To develop and sustain transformational stakeholder partnerships.

Continue to develop an employer led curriculum offer that improves attainment whilst at the same time tackling unemployment. Play an active role in the development of the LSIP delivering LSIF curriculum and skills that are aligned to the strategic objectives of the College. Work in partnership with Hartlepool Borough Council to develop an aspirational and inclusive offer that improves the lives and life chances of the adult population of Hartlepool.

Financial objectives

The Colleges financial objectives are:

- To set challenging targets, applicable to all resources, to ensure that value for money is achieved in their procurement and efficiency and effectiveness in their operation.
- Develop the highest level of effective business controls and assurance.
- To ensure that the financial assets are safeguarded and augmented to secure the long-term viability and financial strength of the organisation.
- To ensure that the physical assets are maintained, developed, and safeguarded to support the ongoing delivery of a broad, balanced and rich curriculum.
- To maintain a high standard of financial performance management, utilising information that is timely, fit for purpose and supports the decision-making process.
- To ensure that the principles of risk management are applied to all major areas of activity.
- Ensure full compliance with DfE funding rules, including adherence to the Managing Public Money framework.
- DfE financial rating of at least good
- 100% compliance with banking covenants throughout the year and within financial forecasted information.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

Performance indicators

The College is committed to observing the importance of the measures and indicators within the framework and is monitoring these through a comprehensive performance management process where the Principal and Executive meet individual Heads of School at least termly to review a range of performance measures, including:

- Delivery of enrolments against the Curriculum Plan to ensure the College meets its funding targets.
- Student Attendance (target 95%), retention (target 95%) and achievement (target 90%)
- Learner positive progression into further or higher education or employment (target 95%)
- Quality assurance in terms of Learner Walks, Focused Curriculum Reviews, External Verifier reports and monitoring of courses that have Improvement Plans in place.
- Positive staff, student, and external stakeholder feedback
- Health & Safety incidents and accidents
- Mandatory training compliance
- Financial performance including staff utilisation.
- Outstanding quality of education, leadership and management, and student and staff personal development

Heads of School receive weekly management information bulletins that summarise actual current performance against the above and highlight specific issues or concerns requiring intervention. Termly business review and planning meetings between school/division managers and the executive assess progress to date and the impact of improvement plans. Heads of Academic and Support areas receive monthly financial reviews to discuss financial targets, resourcing requirements and investment opportunities. The College position against all the above is reported to College Leadership Committee and is reported to the Board of governors as a standing agenda item.

The annual Financial Plan is approved, including any revisions by the main Board of governors who have financial oversight of the Colleges financial health. The Colleges Finance Record aims to strategically deliver at least a "good" rating, with financial targets being achievable as a minimum target. In the last couple of years, the College has significantly outperformed the performance targets and metrics and has delivered ahead of targets. The 22/23 Finance Record generated a blended score of 220 points, at the high end of a "good" rating, 23/24 performed at 250 points, improving our metrics including debt to income which was the weakest area in the Finance record. The 24/25 Finance record is expected to generate another Outstanding Financial rating.

The Groups performance against other key financial other key financial indicators are as follows:	2025	2024
Operating surplus before LGPS/enhanced provision charges and credits	£1.6m	£1.1m
Operating surplus after LGPS/enhanced provision charges and credits	£1.5m	£1.2m
Operating surplus/sector EBITDA as a % of income	0.0997	0.089
Staff costs as a % of income	0.638	0.607
Cash balance	£7.3m	£5.8m
Cash days in hand/liquidity	121	107
Borrowing as a % of income	0.21	0.25
Reliance on DfE income	0.86	0.83

Included within the above cash balance is £3.2m (23/24 £2.6m) of unspent capital grants that will be utilised and released in the next 12-18 months, underlying unrestricted cash position at the year end is £4.1m (23/24 £3.2m). Adjusted unrestricted cash days in hand is 68 (23/24 59).

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

FINANCIAL POSITION

Financial results

The Group generated a consolidated operating surplus of £1.5m (23/24: £1.2m) in the year, this includes non-cash items such as the net impact of grant release and associated depreciation charges as well as the notional interest charges and credits associated with the year end LGPS and enhanced pension provisions.

Excluding LGPS and enhanced pension adjustments, the adjusted operating surplus amounts to £1.6m (£1.1m). Group income for most revenue streams came in higher to budget at £23.4m (23/24 £21.1m) continuing our successful top line strategic and organic growth for the College. Most income streams concluded the year ahead of expectations, with the 3 key core areas of 16-18, Apprenticeships and Adult skills representing approx. 75% of income showing positive and sustained growth. Core 16-18 DfE funding was increased through the allocation statement to consider growth in lagged funding, as well as revised funding bands and adjustment to the programme cost weightings. T Level funding is subject to an annual reconciliation, and the College prudently budgeted for the claw back based on predicted enrollment and the ILR position.

Apprenticeships continue to be a significant strength for the College, with an emphasis on employer collaboration and partnership, coupled with our "Expert Apprenticeship training provider" status. Apprenticeship income increased 15% to £5m (23/24 £4.3m) due to the volume and mix of learners, with a healthy headcount position, as well as learners continuing in high value areas of Engineering and Construction which are on programme for multiple years. Adult Education ended the year at £3.3m a 14% increase on 23/24, successfully delivering on the TVCA and NECA delivery plans, expanding curriculum delivery and supporting adult progression into key demand areas for the region, creating bespoke programmes for high-quality skills training.

SEND and High Needs is another area of significant income growth in recent years, funding is made up of 3 areas which includes the DfE allocation statement, an agreed funding stream from the Local authority, and the 14-16 provision, which has been successful from its pilot in 23-24, working closely with Horizon and also engaging with St Hild's, English Martyrs, and High Tunstall in supporting the oversubscribed provision in the town.

Other significant areas are in Higher Education (HE) and Adult Learner Loans (ALL). HE income remains consistent with prior years, however the ALL revenue stream, an area of known decline, continues to do so. With some funding moving directly into TVCA Adult skills, it is expected that this will atrophy further over time.

Other non-core areas of the College have performed ahead of expectations, including revenue from the College food outlets; Food Court, Café Rapport and the Flagship due to an increase in student footfall and increase in promotional offer internally to drive additional sales, as well as School generated income from Hair and Beauty. The College received and realised £228k of non-repeat Turing funding in the year relating to the international work experience programme offered by the DfE.

The increased income facilitated additional costs, primarily within staffing expenditure of £13.5m (23/24 £11.8m), the increase in staffing represents consolidated and unconsolidated pay awards, as well as investment in additional roles to support areas of growth, support succession planning, insource some bought in services and strengthen some teams. The National Living Wage (NLW) increases came into effect from April 2025, the 6.7% increase comes on the back of subsequent years of wage growth and as a consequence of this, the College has reviewed many of its pay bands in the year that are just outside the NLW to increase several employee's earnings ceiling.

Non pay areas are tracking as expected, with most increases linked to the increased revenue generation, such as Apprenticeship assessment fees. Facility costs continue to be a significant cost item, however as the main campus building approaches 14 years old, the Estates strategy has highlighted key areas of replacement rather than repair, as well as strategic investment in energy saving technology to reduce our utility costs.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

The College works with budget holders on a monthly basis, holding areas to account through cost control and contribution tracking, and challenging areas of efficiency and value for money.

The College balance sheet remains strong, with a strong focus on working capital and cash flow. Short term debtors increased to £1.7m (23/24 £1.3m), and short-term creditors increased to £4.1m (23/24 £3.9m), the College maintains a relatively low trade creditor position at £283k due to an emphasis on keeping its short term cash liabilities low. Long term liabilities reduced due to the associated grant release on asset purchases, and due to a further repayment of the College's loan balance which stands at £4.9m (23/24 5.3m). The increase in top line revenue and decrease in loan balance has improved the College ratio of borrowing to income, a key DfE metric in determining the overall financial health. This has improved from 25% in 23/24 to 21% in 24/25.

The strong performance over the last 3 years has improved the College's solvency and cash position over the period. College year-end cash position increased to £7.3m (23/24 £5.8m), which includes unspent capital grants treat as restricted funding of £3.2m (23/24 £2.6m), ensuring compliance with banking covenants and improving the Colleges liquidity and cash days in hand. In 23/24, the College posted an exceptional out turn, generating 250 points on the DfE financial health metrics, covering a balanced picture of; current ratio, cash days in hand, EBITDA financial performance and borrowing (debt to income), leading to an "Outstanding" grade, the College has improved in several areas and has maintained its "Outstanding" grade for 24/25.

The College continues to adjust its financial regulations to remain compliant with DfE legislation and best practice, including the Managing Public Money and FE Commissioner guidelines, the impact on the College continues to be minimal on our operations. The College owns 100% of the issued share capital of its subsidiary company, Hartlepool Business Development Centre Limited (HBDC). At the 31st March 2025, the HBDC ceased operations and transferred activity into the College, streamlining administrative efficiencies. It is expected that the company will be struck off at Companies House by 30 April 2026.

Treasury policies and objectives

Treasury management is the management of the Colleges 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 College has a separate treasury management policy in place, which was updated to reflect the changes around raising capital finance as detailed in the Managing Public Money framework.

Cash flows and liquidity

Cash inflow from operations at £1.8m (24/25 £1.4m), is up due a combination of increased growth in most revenue streams and cost control. Investing activities at £415k inflow (23/24 £331k inflow) was the net impact of capital acquisitions, and additional grant funding receipts. Financing represents the borrowing from Barclays, with interest and capital repayments of £765k (23/24 £780k) which reduced to the College borrowing from £5.3m to £4.9m.

Reserves policy

The College had no formal Reserves Policy during 24/25 but plans to implement one in the next financial year. This will ensure that the College has a minimum level of working capital and unrestricted reserves to ensure long-term sustainability, compliance with financial covenants and the ability to meet both its short- and long-term obligations as they fall due. Group reserves were used to contribute towards the financing of the construction of the main campus which opened in September 2011. This contribution along with a few years of anticipated deficits saw reserves drop at the respective financial year ends.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

However, over the past three years, the College has generated an operating surplus which has increased the overall reserves position, strengthening its balance sheet at the respective year ends. Despite not having a formal reserves policy in the 24/25 financial year, the College monitors its cash flow position, working alongside departments including Facilities and IT in determining its short, mid and long term investment needs to maintain key infrastructure, as well as invest in the curriculum areas.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Future Developments

The College works closely with the devolved Mayoral Combined Authorities, Employers, and other stakeholders to ensure that the College curriculum is aligned to national, regional and local economic priorities. The College Strategic plans will align with the reforms highlighted in the 2025 Post 16 Education and Skills white paper, as well as contribute to many of the 8 sectors as highlighted in the Industrial Strategy.

Student numbers

Including grant release, the College has delivered activity that has produced £20.0m (£18.7m excl.) in funding body main allocation funding (23/24 £17.5m, £16.3m excl.). The College had approximately 5,000 DfE funded and 150 non DfE-funded students. (23/24 4076 DfE, 394 non DfE funded)

Student achievements

The success rate for 24/25 was 86% (23/24 86%).

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2024 to 31 July 2025, the College paid all invoices within 30 days unless there was a query with the supplier account or the invoice itself and is therefore confident that the College complies with this target.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include College buildings which are relatively new and an annex at Exeter Street which is over 30 years old but recently improved and renamed in 2024 as the Centre of Excellence for fabrication and welding.

Financial

The College has consolidated net assets of £6.7m (23/24: £5.3m) and loan financing of £4.9m (23/24 £5.3m).

People

The College employed an average of 369 people (23/24 341), of whom 272 (203/24: 246) were teaching and other support services staff.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the Colleges success in attracting students and external partnerships. In 2023, the College received its notification for an Ofsted inspection, the first since 2017. The overall judgement was 'good', with a further seven sub-judgements of good and the College's apprenticeship provision was deemed 'outstanding'. Inspectors praised the 'supportive environment', positive culture' and the 'knowledgeable staff who bring high levels of experience from specialist industries'. Safeguarding arrangements were deemed to be effective, and the inspectors noted that the College meets skills need. Further improvements in attendance and the development of learners' written English skills were identified as key focuses for development.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

Principal Risks and Uncertainties

The College has continued to undertake further work during the year to further develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Colleges assets and reputation. Based on the strategic and development plans, the Executive undertakes a comprehensive review of the risks to which the College is exposed.

The Executive identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent years appraisal will review their effectiveness and progress against risk management action plans.

In addition to the annual review, the Executive considers any risks to the organisation as part of the weekly Executive meetings. A risk register is maintained by the College which is reviewed at least termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are scored and prioritised using a risk matrix, which shows both gross and net risks. Risk is managed at all levels throughout the organisation.

PRINCIPAL RISKS AND UNCERTAINTIES

Outlined below is a description of some of the principal risks as perceived by the organisation in 24/25. Not all the factors are within the Groups control and other factors apart from those listed below may also adversely affect the Group.

1. Below target delivery of funding body contracts.

The College relies significantly on continued government funding through contracts with the DfE. In 24/25, approximately 85% of the Groups revenue was ultimately public-funded and a similar level of reliance is expected to continue.

Group controls to mitigate the risk include:

- Experienced management in curriculum planning
- Clear executive steer to contract performance managers
- A robust quality assurance policy and committee structure
- Robust data management systems and procedures
- Executive priority and whole-Group approach in the event of early warning signs

2. Impact of increased fees targets

Individuals and employers are expected to contribute towards the cost of training and tuition. Each year the corporation approves a comprehensive fees and remission policy which details the fees to be charged in the coming year to individuals and employers. Where practicable, Hartlepool College will continue to increase tuition fees in line with the rising fee assumptions but is extremely mindful of the restrictions felt by both Employers and individuals in the current economic climate.

Group controls to mitigate the risk include:

- Comprehensive fees and remission policy updated and approved annually but with flexibility to respond to local market forces.
- Local market intelligence
- Bursary system

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

3. *Higher than anticipated staff costs*

The Group has robust processes in place to maximise staff utilisation and minimise use of temporary staff. The Group also plans to continue to adhere to AoC pay recommendations if this is financially feasible. Group controls to mitigate the risk include:

- Maintain scrutiny of staff utilisation and strict authorisation processes for recruitment of additional and/or temporary staff.
- Intention to implement AoC further recommendations if finances permit.
- Estimated increases built into financial plans, including pension obligations.
- Review of structures and management costs
- Robust financial management and forecasting
- Additional costs from the National Insurance and Living wage increases announced
- Maintain a pay structure within FE Commissioner guidelines, and competitive in the market.

4. *Changes to loan arrangements*

The Group operates a loan facility which has both a fixed and variable interest rate element. The College are therefore subject to any fluctuations in the Bank of England base rate which will impact upon the value of future loan repayments and future cash flows. To mitigate against this risk, the Group regularly monitor the Bank of England base rates, calculate future anticipated loan repayments and ensure that the College have the necessary funds available to meet this obligation.

5. *Failure to maintain the viability of the Group*

The Groups current financial health grade is classified as 'Outstanding'; however constraints remain on further education funding due to under inflation increases and recruitment challenges. The College needs to ensure we maintain an excellent student experience. This risk is mitigated in several ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls and forecast planning
- Exploring ongoing procurement efficiencies
- Monitoring bank loan covenants
- Detailed cash flow forecasting to ensure that loan repayments and other commitments are met.
- Reserves increased to cover unanticipated costs.
- College wide risk register presented to internal committees and Board of Governors

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

STAKEHOLDER RELATIONSHIPS

In line with other Colleges and universities Hartlepool College has many stakeholders. These include:

- Students
- Funding bodies
- Tees Valley Combined Authority (TVCA)
- North East Combined Authority (NECA)
- Teesside University
- FE Commissioner
- Staff
- Employers which include two local NHS trusts, international organisations in sectors such as aerospace, advanced manufacturing, chemical and process engineering and fabrication and welding, as well as national civil engineering and construction organisations. The College also engages with a large range of regional and local SMEs.
- Hartlepool Borough Council
- Government offices, regional development agencies and local enterprise partnerships
- The local community
- Local Schools
- Other FE institutions
- Trade unions
- Professional bodies

The Group recognises the importance of these relationships and engages in regular communication with stakeholders through a wide variety of channels.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

Trade union facility time

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

Numbers of employees who were relevant union officials during the period	FTE employee number
2	2

Percentage of time	Number of employees
0%	
1-50%	2
51-99%	
100%	

Total cost of facility time	£9,679
Total pay bill	£13,461,000
Percentage of total bill spent on facility time	0.07%

Time spent on paid trade union activities as a percentage of total paid facility time	5.41%
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Streamlined Energy and Carbon Reporting

In 2021 the College received a report on its carbon footprint, this highlighted that our energy usage was our biggest contributor, as well as a significant ongoing cost.

The College is committed to reducing its carbon emissions, during the year the Facilities team continued to retrofit and replace lighting with energy efficient LED bulbs, additional motion sensors and are currently reviewing its building energy management systems through discussions with other local Colleges. Other actions are being reinforced throughout the campus such as powering down equipment and lighting on existing rooms through our regular College.

The College's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2025 UK Government's Conversion Factors for Company Reporting are as follows:

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

UK Greenhouse gas emissions and energy use data for the period	2025	2024
Energy consumption used to calculate emissions (kWh)	3,101,552	3,148,991
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	298	311
Owned transport	23	17
Total	322	328
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	304	300
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee-owned vehicle	17	17
Total gross emissions in metric tonnes CO2e	643	645

<u>Intensity ratio</u>	2025	2024
Metric tonnes CO2e per FTE staff member	2	3

Equal opportunities and employment of disabled persons

The Group is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. This policy is resourced, implemented, and monitored on a planned basis. The Groups Equality Policy is published on the Groups Intranet site.

The Group publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Group undertakes equality impact assessments on all new policies and procedures on a prioritised basis.

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 Groups 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.

Pay gap reporting

The College produces an annual pay gap report, and this is published on the Colleges website:
<https://www.hartlepoolfe.ac.uk>

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- As part of its accommodation strategy the College updated its access audit.
- The College has appointed an Access Co-Ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There is a continuing programme of staff.
- development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

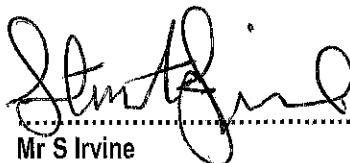
Report of the Governing Body (continued)

- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditor

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

Approved by order of the members of the Corporation on 4th December 2025 and signed on its behalf by:



.....
Mr S Irvine
Chair of the Corporation

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Report of the Governing Body (continued)

Key Management Personnel, Board of Governors, and Professional Advisers

Key Management personnel

Key Management personnel are defined as members of the College Executive and were represented by the following in 24/25:

Darren Hankey	Principal and CEO: Accounting Officer
Michael Casey	Vice Principal
Gary Riches	Vice Principal
David Williams	Vice Principal

Board of Governors

A full list of Governors is given on page 20 of these accounts.

Mrs K Dales acted as Clerk to the Corporation throughout this period.

Professional Advisers

Financial Statements and regularity auditor:	RSM UK Audit LLP 1 St James Gate Newcastle upon Tyne NE1 4AD
Internal auditor:	WBG Services LLP 168 Bath Street Glasgow G2 4TP
Banker:	Barclays Bank PLC Teesdale Business Park Stockton on Tees TS17 6YJ
Solicitor:	Square One Law LLP Anson House Burdon Terrace Newcastle upon Tyne NE2 3AE

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

The College endeavors to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code of Good Governance.

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.

The College had an independent review of Governance in 2023, and commissioned Stone King. The findings and subsequent action plan were delegated to the Audit committee to report against the progress of specific actions. 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. The College will undertake a further independent review of governance in 2026.

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

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control (continued)

The Corporation

The members who served the corporation during the year and up to the date of signature of this report were as follows:

Name	Date of appointment	Term of office	Date of reappointment	Status of appointment	Attendance in 24/25	Committees served
S Irvine	01/08/2018	4 years	01/08/2022	External	5/5	Remuneration Search (Chair) Staff Appeals (Chair) Student Appeals Senior Staff Selection (Chair)
D Hankey	01/08/2013	N/A		Principal	5/5	Search Curriculum & Standards Senior Staff Selection Finance & General Purpose
M Roberts	13/03/2021	4 years		Staff	3/5	Audit Committee Search Student Appeals
A Bolton	01/08/2021	4 years	01/08/2025	External	2/5	Remuneration (Chair) Search Staff Appeals Student Appeals Senior Staff Selection
A Home	01/01/2021	4 years	01/01/2025	External	1/5	Remuneration Curriculum & Standards Staff Appeals Student Appeals Senior Staff Selection
S Robinson	01/01/2020	4 years	01/01/2024	External	4/5	Curriculum & Standards (Chair) Senior Staff Selection
H Hasnain	01/01/2021	4 years	01/01/2025	External	3/5	Curriculum & Standards Finance & General Purpose
S Shaheen	01/01/2024	4 years		External	0/2	Remuneration Finance & General Purpose
N Gray	09/11/2022	4 years		External	2/5	Audit Committee
S Flender-Bradley	20/02/2023	4 years		Staff	5/5	Audit Committee
J Robinson	14/03/2024	4 years		External	3/5	Audit Committee
L Kayes	14/03/2024	4 years		External	2/5	Curriculum & Standards Staff Appeals
S Smith	14/03/2024	4 years		External	0/5	Finance & General Purpose
L Cranston	09/05/2024	4 years		External	0/5	Audit Committee
A Kellehear	04/7/2024	4 years		External	3/5	Curriculum & Standards Student Appeals
E Warman	11/10/2024	4 years		External	3/4	Audit Committee

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control (continued)

Name	Date of appointment	Term of office	Date of reappointment	Status of appointment	Attendance in 24/24/25	Committees served
P Dodds	08/05/2025	4 years		External	1/1	Audit Committee (Chair)

During the year, P Dodds was appointed Chair of Audit Committee replacing J Bryson, following their resignation in December 2024. In addition, L Cranston and L Keyes resigned from the Governing Body in July 2025, and the Finance & General Purpose Committee was disbanded, with only 1 meeting being held in the year. The Terms of Reference are now considered through the main Board of Governors and other sub committees as necessary.

During the year, the term of office for M Roberts expired. Her re-appointment will be considered at the next Search Committee meeting. In addition, S Shaheen and L Kayes resigned from the Board on 31/12/2024 and 15/07/2025 respectively.

K Dales acts as Clerk to the Corporation.

It is the Corporations responsibility to bring independent judgement to bear on issues of strategy, performance, resources, and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety, equality and diversity and environmental issues. The Corporation meets each term.

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, Estates, Curriculum and Standards, Remuneration, Senior Staff Selection, Staff Appeals, Student Appeals and Search. The Finance and General Purposes Committee met once in the period prior to being disbanded. Full minutes of meetings, except those deemed to be confidential by the Corporation, are available on the Colleges website or from the Clerk to the Corporation at:

Hartlepool College of Further Education, Stockton Street, Hartlepool, TS24 7NT

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 can take independent professional advice in furtherance of their duties at the Colleges expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The College ensures that governors have access to relevant training.

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 Chairman and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee ordinarily comprising the Chairman, the Principal and three other members of

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control (continued)

the Corporation, which is responsible for the selection and nomination of any new member for the Corporations consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation, other than the Principal and student members, are appointed for a term of office not exceeding four years.

Remuneration Committee

The Colleges remuneration committee was comprised of four governors including the Chair of the Corporation (who is not the chair of this committee). The committee's responsibilities are to determine the remuneration and benefits of the Principal and other senior postholders. There were no meetings throughout 24/25. Details of the remuneration for the year ended 31 July 2025 are set out in notes 7 and 8 to the financial statements.

Corporation Performance

The Corporations Self-Assessment of its financial performance for 24/25 is Outstanding.

Audit Committee

The Audit Committee comprises three members of the corporation (excluding the Accounting Officer and Chair). There was also a co-optee for part of the year as their resignation was effective from December 2024. The Committee operates in accordance with written terms of reference approved by the corporation.

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

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

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Audit Committee also advises the corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the corporation. The Audit committee met 4 times in the year to 31 July 25. The members of the committee and their attendance records are shown on page 20.

In line with the Committee's terms of reference, the members tendered for both internal and external audit services during the year. HW Controls & Assurance Limited trading as Validera and SFB Group Limited were appointed as internal and external auditors, respectively. They will serve as the College's auditors for a minimum term of 3 years, commencing in the financial year 25/26.

Statement from the Audit Committee

Based upon our review of the College's risk management systems; of WBG Services LLP 24/25 annual internal audit report and the 24/25 audit findings report from RSM on the financial statements and regularity, the audit committee has advised the governing body that the College's risk management, control and governance processes and systems for securing value for money are adequate and effective. Systems of control designed to achieve the objectives of the system are basically sound and controls are consistently applied.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control (continued)

The specific areas of work undertaken by the Colleges internal auditors Wylie and Bisset during 2024/25:

Area	Planned Days	Actual Days	Status	Overall Conclusion
Safeguarding	6	6	Complete	
HR- Succession Planning	6	6	Complete	Substantial
Business Continuity Planning	6	6	Complete	Substantial
Cyber Security	6	6	Complete	Substantial
Funding Review - ASF	6	6	Complete	Substantial
Follow Up Review	4	4	Complete	Substantial

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the Colleges system on internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board takes risk management very seriously and the risk register is aligned to the Strategic Plan and each risk is assigned to a sub-committee of the Board. The operational management of risk is described in the 'Principal Risks and Uncertainties' section on page 12.

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in Hartlepool College for the year ended 31 July 2025 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 College is exposed together with the operating, financial and compliance controls, and arrangements for compliance with legal and regulatory matters, including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the Colleges significant risks that has been in place for the period ending 31 July 2025 and up to date of approval of the annual reports 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:

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control (continued)

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

The College outsourced for the year 24/25 its internal audit function to WBG Services LLP, in accordance with the requirements of the DfE "Framework and guide for external auditors and reporting accountants of Colleges" (formerly the Post 16 Audit Code of Practice). The work of internal audit is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee.

The governing body is informed of findings and any remedial actions required, during the year, staff wellbeing, Estate Management, Risk Management, Subcontractor controls and a follow up audit was undertaken, there were no significant internal control weaknesses identified. Further assignment plans have been drafted for the coming year which include Procurement, Apprentice Funding review, Human Resources, Capital and Grant spend, Managing Public Money and a follow up review.

The College went out to tender for both internal and external audit in 2025, the Audit Committee approved the contract award of Internal audit to HW Controls and Assurance Ltd (trading as Validera) and external audit to SFB Group Ltd.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is formed by:

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

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

The Accounting Officer and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior management team and the Audit Committee also receive regular reports from internal audit and other forms of assurance, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and received reports thereon from the senior management team and audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of Corporate Governance and Internal Control (continued)

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


Responsibilities under accountability agreements


The college has reviewed its policies, procedures and approval processes in line with the 24/25 college finance handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Going Concern

Based on these financial statements, the College has maintained its financial health rating to 'Outstanding', has complied with Barclays Bank loan covenants and has sufficient cash to enable it to meet debts as they fall due. The Corporation considers that the College has sufficient resources to continue in operational existence for the foreseeable future and, for this reason, continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 4th December 2025 and signed on its behalf by:


.....
Mr S Irvine
Chair of the Corporation


.....
D Hankey
Accounting Officer

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Governing Bodies statement on the Colleges regularity, propriety and compliance with Funding body terms and conditions of funding

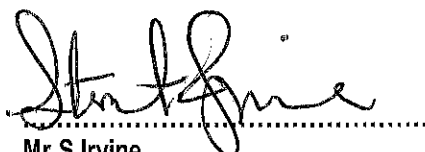
As accounting officer of the Corporation of Hartlepool College of Further Education, I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the College's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding. I confirm that I, and the Board of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.

Statement of the chair of governors

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

Approved by order of the members of the Corporation on 4th December 2025 and signed on its behalf by:



Mr S Irvine
Chair of the Corporation



D Hankey
Accounting Officer

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of the 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 College's accountability agreement, funding agreements and contracts with the DfE, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, DfE's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report), and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will continue in operation

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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.

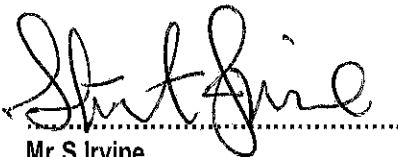
Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Statement of the Responsibilities of the Members of the Corporation (continued)

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

Approved by order of the members of the Corporation on 4th December 2025 and signed on its behalf by:



Mr S Irvine
Chair of the Corporation

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Independent Auditors Report to the Corporation of Hartlepool College of Further Education

Opinion

We have audited the financial statements of Hartlepool College of Further Education (the "College") for the year ended 31 July 2025 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Department for Education.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2025 and of the Group's and the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Department for Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Independent Auditor's Report to the Corporation of Hartlepool College of Further Education

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation of Hartlepool College of Further Education

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 27 to 28, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Independent Auditor's Report to the Corporation of Hartlepool College of Further Education

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operate in and how the college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Department for Education, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the group/college is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities to draw a conclusion.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and review of income transactions around the year end.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Independent Auditor's Report to the Corporation of Hartlepool College of Further Education

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Accountability Agreement published by the Department for Education and our engagement letter dated 23 September 2025. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP

RSM UK AUDIT LLP
Chartered Accountants
1 St James Gate
Newcastle Upon Tyne
NE1 4AD
Date 05/12/25

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Consolidated Statement of Comprehensive Income and Expenditure for the year ended 31 July 2025

	Notes	College		Group	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
INCOME					
Government grants	2	20,054	17,531	20,054	17,531
Tuition fees and education contracts	3	1,235	1,661	1,235	1,661
Other grants and contracts	4	46	89	46	89
Other income	5	1,769	1,430	1,811	1,497
Investment income	6	206	318	206	318
Total income		23,310	21,029	23,352	21,096
EXPENDITURE					
Staff costs	7	13,430	11,736	13,461	11,772
Other operating expenses	9	6,090	6,094	6,111	6,041
Depreciation	12	1,891	1,661	1,891	1,661
Interest and other finance costs	10	402	414	402	414
Total expenditure		21,813	19,905	21,865	19,888
Surplus on continuing operations		1,497	1,124	1,487	1,208
Profit on disposal of assets		3	-	3	-
Surplus before tax		1,500	1,124	1,490	1,208
Taxation	11	-	-	-	(2)
Surplus for the year		1,500	1,124	1,490	1,206
Re-measurement of net defined benefit pension	19	(29)	(3,873)	(29)	(3,873)
Total Comprehensive Income		1,471	(2,749)	1,461	(2,667)

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Consolidated Statement of Changes in Reserves for the year ended 31 July 2025

Group	Income & Expenditure reserve £000	Revaluation Reserve £000	Total £000
Balance as at 1 August 2023	6,799	1,125	7,924
Surplus for the year	1,206	-	1,206
Other comprehensive income	(3,873)	-	(3,873)
Transfers between revaluation and income and expenditure reserves	12	(12)	-
Total comprehensive income	(2,655)	(12)	(2,667)
Balance at 31 July 2024	4,144	1,113	5,257
Surplus for the year	1,490	-	1,490
Other comprehensive income	(29)	-	(29)
Transfers between revaluation and income and expenditure reserves	12	(12)	-
Total comprehensive income	1,473	(12)	1,461
Balance as at 31 July 2025	5,617	1,101	6,718

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

College Statement of Changes in Reserves for the year ended 31 July 2025

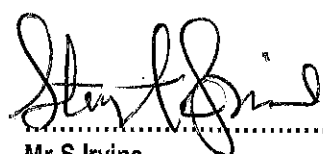
College	Income & Expenditure reserve £000	Revaluation Reserve £000	Total £000
Balance as at 1 August 2023	6,871	1,125	7,996
Surplus for the year	1,124	-	1,124
Other comprehensive income	(3,873)	-	(3,873)
Transfers between revaluation and income and expenditure reserves	12	(12)	-
Total comprehensive income	(2,737)	(12)	(2,749)
Balance at 31 July 2024	4,134	1,113	5,247
Surplus for the year	1,500	-	1,500
Other comprehensive income	(29)	-	(29)
Transfers between revaluation and income and expenditure reserves	12	(12)	-
Total comprehensive income	1,483	(12)	1,471
Balance as at 31 July 2025	5,617	1,101	6,718

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Consolidated Balance Sheet as at 31 July 2025

	Notes	2025 £000	2024 £000
Fixed assets			
Tangible assets	12	42,634	43,707
Intangible assets	13	9	-
		<u>42,643</u>	<u>43,707</u>
Current assets			
Stock		14	12
Debtors	15	1,677	1,298
Cash at bank and in hand		7,262	5,819
		<u>8,953</u>	<u>7,129</u>
Current Liabilities			
Creditors- amounts falling due within one year	16	(4,100)	(3,889)
		<u>4,853</u>	<u>3,240</u>
Net current assets			
		<u>47,496</u>	<u>46,947</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	17	(40,330)	(41,317)
Provisions for liabilities			
Defined benefit pension schemes	20	(61)	-
Other provisions	19	(387)	(373)
		<u>6,718</u>	<u>5,257</u>
Total net assets			
Reserves			
Income and expenditure reserve		5,617	4,144
Revaluation reserve		1,101	1,113
		<u>6,718</u>	<u>5,257</u>

The financial statements on pages 33 to 63 were approved and authorised for issue by the Corporation on 4th December 2025 and were signed on its behalf by:



Mr S Irvine
Chair of the Corporation



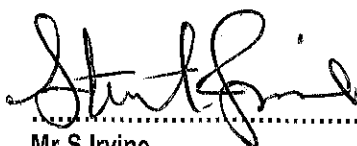
D Hankey
Accounting Officer

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

College Balance Sheet as at 31 July 2025

	Notes	2025 £000	2024 £000
Fixed assets			
Tangible assets	12	42,634	43,707
Intangible assets	13	9	-
		<u>42,643</u>	<u>43,707</u>
Current assets			
Stock		14	12
Debtors	15	1,677	1,342
Cash at bank and in hand		7,262	5,759
		<u>8,953</u>	<u>7,113</u>
Current Liabilities			
Creditors- amounts falling due within one year	16	(4,100)	(3,883)
		<u>4,853</u>	<u>3,230</u>
Net current assets			
		<u>47,496</u>	<u>46,937</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	17	(40,330)	(41,317)
Provisions for liabilities			
Defined benefit pension schemes	20	(61)	-
Other provisions	19	(387)	(373)
		<u>6,718</u>	<u>5,247</u>
Total net assets			
Reserves			
Income and expenditure reserve		5,617	4,134
Revaluation reserve		1,101	1,113
		<u>6,718</u>	<u>5,247</u>

The financial statements on pages 33 to 63 were approved and authorised for issue by the Corporation on 4th December 2025 and were signed on its behalf by:



Mr S Irvine
Chair of the Corporation



D Hankey
Accounting Officer

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Consolidated Statement of Cash Flows for the year ended 31 July 2025

	2025 £000	2024 £000
Operating activities		
Surplus for the year	1,490	1,206
Adjustment for non-cash items		
Depreciation	1,891	1,661
Investment income	(206)	(318)
Capital grants released	(1,501)	(1,346)
(Increase) in stocks	(2)	-
(Increase)/decrease in debtors	(379)	40
Increase/(decrease) in creditors due within one year	115	(141)
(Decrease) in provisions	(75)	(29)
Pension costs less contributions paid	77	(84)
Interest payable	383	414
Cash generated from operations	303	197
Net Cash from operating activities	1,793	1,403
Cash flows from investing activities		
Proceeds From disposal of fixed assets	3	-
Interest received	206	318
Purchase of fixed assets	(829)	(4,416)
Capital funding received	1,035	4,429
	415	331
Financing activities		
Interest paid	(383)	(414)
Repayments of borrowings	(382)	(366)
	(765)	(780)
Increase in cash and cash equivalents in the year	1,443	954
Cash and cash equivalents at the beginning of the year	5,819	4,865
Cash and cash equivalents at the end of the year	7,262	5,819

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

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.

General Information

Hartlepool College of Further Education is a corporation under the Further and Higher Education Act 1992 as an English general College of further education. The address of the Colleges principal place of business is given on page 20. The nature of the Groups operations are set out in the Report of the Governing Body.

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 2024-5 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The consolidated financial statements are presented in sterling which is also the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £1,000, except where otherwise indicated.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertaking, Hartlepool Business Development Centre Limited. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal.

All intra-group transactions, balances, and unrealised gains on transactions between group activities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made for the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

Reduced disclosures

In accordance with the 2019 FE HE SORP and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

1. ACCOUNTING POLICIES (continued)

Going Concern

The College has adequate resources to continue in operational existence for the foreseeable future. The College's adjusted cash reserves of £4.1m are adequately sufficient to support its operational requirements, and the College maintains low short term cash liabilities. The current financial health grading of the College is expected to be measured by the DfE as "Outstanding" for 31 July 2025 (July 2024: "Outstanding"). The College's main source of income is derived by DfE lagged funding and the College has a strong Apprenticeship pipeline. The future forecasts have been adjusted to reflect a smaller prudent uptake of T Levels. At the time of writing, enrolments for 2025/26 are ahead of the DfE allocation statement. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Recognition of income

Revenue grant funding

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

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

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Adult Skills Fund (ASF) income is recognised on an accruals basis, with income recognised through the Individual Learner Record (ILR) and based on actual learners on programme. This may be revised at R13/R14 and accrued into the accounts if material.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable. Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions, and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Capital grant funding- government grants

Capital grants are recognised received in relation to assets are accounted for under the accruals model as permitted by FRS102. The grant income received is recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration. Income from tuition fees, including employer funding for co-investment funded apprenticeship is recognised over the period for which it is received. All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

1. ACCOUNTING POLICIES (continued)

Agency arrangements

The Group acts as an agent in distributing bursary support funds from funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the Group where the Group does not have control of the economic benefit related to the transaction.

Retirement benefits

Retirement benefits to employees of the Group are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

Teachers' Pension Scheme (TPS)

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements, and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains, losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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

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

Short term Employment benefits

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

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

1. ACCOUNTING POLICIES (continued)

Enhanced pensions

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

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in comprehensive income.

Termination Benefits

Termination benefits such as redundancy, severance pay and payment in lieu of notice are recognised as an expense in the year in which the employee's employment to the College is terminated.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment costs.

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life, normally 10 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 income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

The deferred income is allocated between creditors due within one year and those due after more than one year. On adoption of FRS 102, the College followed the transitional provision to retain book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Inherited equipment has been depreciated on a straight line basis over its remaining useful economic life to the College and is now fully depreciated.

All other assets are depreciated over their useful economic life as follows:

- General equipment - 5% to 100% per year on a straight line basis
- Computer equipment - 25% per year on a straight line basis
- Motor vehicles - 25% per year on a straight line basis

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

1. ACCOUNTING POLICIES (continued)

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

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment costs. Intangible assets are amortised at a rate of 25% on a straight line basis.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in statement of comprehensive income and expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving, and defective stocks.

Financial Instruments

The Group has chosen to adopt sections 11 of FRS102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligation, rather than the financial instrument's legal form. All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with FRS 102.

All financial assets and liabilities are initially measured at transactional price (including transaction costs), except for those financial assets measured at fair value through the income or expenditure, which are initially measured at fair value (which is normally transaction price excluding transaction costs), unless arrangement constitutes a financial transaction. A financial asset or liability that is payable or receivable in one year is measured as the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest or similar debt instrument.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

1. ACCOUNTING POLICIES (continued)

Cash at bank and in hand

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, therefore the amounts it can recover on VAT charged on its inputs are negligible. 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 Colleges subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

The tax expense represents the sum of the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Provisions and contingent liabilities

Provisions are recognised when:

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

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

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

Other key sources of estimation uncertainty.

Tangible Fixed Assets

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate.

Any changes in these assumptions, which are disclosed in note 20, will impact on the carrying amount of the pension obligation. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pension obligation at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension obligation.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

2. GOVERNMENT GRANTS

	College		Group	
	2025 £000	2024 £000	2025 £000	2024 £000
Recurrent grants				
DfE – adult skills fund	52	413	52	413
DfE – 16-18	9,238	8,111	9,238	8,111
DfE - apprenticeships	4,979	4,317	4,979	4,317
DfE – other income	133	42	133	42
Tees Valley Combined Authority - adult	3,132	2,886	3,132	2,886
Tees Valley Combined Authority - other	13	9	13	9
North East Combined Authority - adult	143	-	143	-
Specific grants				
Teacher pension scheme contribution grant	692	500	692	500
Turing Scheme income	228	-	228	-
Post 16 National Insurance Grant	93	-	93	-
Releases of government capital grants - DfE	1,351	1,253	1,351	1,253
Total	20,054	17,531	20,054	17,531

3. TUITION FEES AND EDUCATION CONTRACTS

	College		Group	
	2025 £000	2024 £000	2025 £000	2024 £000
Fees for FE loan supported courses	93	375	93	375
Fees for HE loan supported courses	892	1,007	892	1,007
Total tuition fees	985	1,382	985	1,382
Education contracts	250	279	250	279
Total	1,235	1,661	1,235	1,661

Included within the above amounts are tuition fees funded by bursaries of £12k (2024: £12k).

4. OTHER GRANTS AND CONTRACTS

	College		Group	
	2025 £000	2024 £000	2025 £000	2024 £000
Other grant income and contracts	46	89	46	89
Total	46	89	46	89

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

5. OTHER INCOME

	College		Group	
	2025 £000	2024 £000	2025 £000	2024 £000
Catering and residences operations	559	481	559	481
High needs top up funding	857	716	857	716
Release of deferred capital grants (non-funding council)	150	93	150	93
Other income	203	140	245	207
Total	1,769	1,430	1,811	1,497

6. INVESTMENT INCOME

	College		Group	
	2025 £000	2024 £000	2025 £000	2024 £000
Interest receivable	206	149	206	149
Net interest on defined pension liabilities (Note 19)	-	169	-	169
Total	206	318	206	318

7. STAFF COSTS

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

	Number	
	2025 £000	2024 £000
Teaching staff	153	139
Teaching and other support services	119	107
Administration and central services	48	53
Premises	49	42
Total	369	341

All staff and key management are employed by the College. A recharge of salaries is made to the subsidiary for management and administration of the subsidiary by College staff.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

7. STAFF COSTS (continued)

	College		Group	
	2025	2024	2025	2024
	£000	£000	£000	£000
Wages and salaries	10,025	9,010	10,056	9,046
Social security costs	1,068	825	1,068	825
Other pension costs incl. FRS102 adjustments of £76k (2024: £107k)	2,207	1,865	2,207	1,865
	13,300	11,700	13,331	11,736
Restructuring costs – Contractual	13	23	13	23
Contracting out staffing services	117	13	117	13
	13,430	11,736	13,461	11,772

Severance payments

The College did not make any severance payments in the year.

	2025	2024
	£000	£000
Total staff costs, split by type of contract, were:		
Employment costs for staff on permanent contracts	13,160	11,420
Employment costs for staff on short-term and temporary contracts	225	245
FRS102 retirement benefit charge	76	107
	13,461	11,772

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

7. STAFF COSTS (continued)

Key Management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive team which comprises the Principal and Assistant Principals.

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

	2025 No.	2024 No.
The number of key management personnel including the Accounting Officer was:	4	5

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

	Number of staff 2025 No.	Number of staff 2024 No.
Emoluments excluding pension contributions:		
£35,001 - £40,000	-	1
£40,001 - £45,000	-	1
£60,000- £65,000	1	1
£75,001 - £80,000	-	1
£80,001 - £85,000	3	1
£105,001 - £110,000	-	1
£110,001 - £115,000	1	-

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

8. SENIOR POSTHOLDERS' EMOLUMENTS

Key management personnel, who are also senior postholders, are defined as the Accounting Officer and holders of the other senior posts whom the Governing Body has selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

The remuneration of the accounting officer was determined by the Colleges Remuneration Committee on 1 April 2018 taking into consideration the following factors: previous increases; CPI; pay increases for other staff; sector data on pay of accounting officers and the College's performance (measured by achievement compared with agreed objectives), budget and potential cost demands on its cash resources. The accounting officer is not a member of the Remuneration Committee and is not involved in the setting of their remuneration. Subsequent increases in the accounting officer's remuneration after this date has been in line with the general salary increases awarded by the Board to all members of College staff.

A similar approach was used to determine the remuneration of other key management personnel.

The College has due regard for the AoC's Colleges Senior Staff Remuneration Code

	2025	2024
	Number	Number
The number of senior post-holders including the Accounting Officer was:	4	4
	£	£
Senior post-holders' emoluments are made up as follows:		
Salaries – gross of salary sacrifice and waived emoluments.	361,069	347,259
Employers National Insurance	46,897	42,796
Pension contributions	91,145	79,253
Total emoluments	499,111	469,308

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 senior postholder) of:

	2025	2024
	£	£
Salary	110,715	106,927
	<u>110,715</u>	<u>106,927</u>
Pension contributions	31,148	26,726
Total emoluments	141,863	133,653

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

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

8. SENIOR POSTHOLDERS' EMOLUMENTS (continued)

The relationship between the accounting officers' emoluments, expressed as a multiple of all other employees based on full time equivalents, is set out below for both basic salary and total remuneration.

	2025	2024
	No.	No.
Basic salary as a multiple of median basic salary of staff	4.20	4.08
Total remuneration as a multiple of median total remuneration of staff	4.62	4.51

The Accounting Officer and the staff governors only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors. There have been no governors' expenses during the period.

9. OTHER OPERATING EXPENSES

	Group		College	
	2025	2024	2025	2024
	£000	£000	£000	£000
Teaching costs	2,102	2,021	2,093	2,021
Non-Teaching costs	2,743	2,761	2,731	2,814
Premises costs	1,266	1,259	1,266	1,259
	6,111	6,041	6,090	6,094

	2025	2024
	£000	£000
Surplus / Deficit before taxation is stated after charging:		
Auditors' remuneration:		
Financial statements and regularity audit *	42	40
Internal audit **	18	16
Tax advice services provided by the financial statements and regularity auditor	1	1
Provision to write off the inter company debtor (College only)	(76)	76
Actual write off of the intercompany debtor (College only)	72	-
Hire of land & buildings – operating leases	-	39
Hire of other assets – operating leases	101	81

*Includes £42k in respect of the College (2024: £40k)

**Includes £18k in respect of the College (2024: £16k)

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

10. INTEREST AND OTHER FINANCE COSTS

	2025 £000	2024 £000
On bank loans, overdrafts and other loans: Repayable wholly or partly in more than 5 years	383	414
Net interest on defined pension liabilities (Note 19)	19	-
	<u>402</u>	<u>414</u>

11. TAXATION

	2025 £000	2024 £000
UK Corporation tax	-	-
Corporation tax under accrued in prior year	-	2
	<u>-</u>	<u>2</u>

This taxation is in relation to the activities of the subsidiary company.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

12. TANGIBLE FIXED ASSETS – CONSOLIDATED & COLLEGE

	FH Land and Building £000	Asset Under Construction £000	Equipment £000	Total £000
Cost or Valuation				
At 1 August 2024	54,209	256	4,602	59,067
Additions	23	(4)	800	819
Disposal	-	-	(42)	(42)
Transfer between classes	53	(252)	199	-
At 31 July 2025	<u>54,285</u>	<u>-</u>	<u>5,559</u>	<u>59,844</u>
Depreciation				
At 1 August 2024	13,231	-	2,129	15,360
Charge for the period	1,319	-	572	1,891
Disposal	-	-	(41)	(41)
At 31 July 2025	<u>14,550</u>	<u>-</u>	<u>2,660</u>	<u>17,210</u>
Net Book Value 31 July 2025	<u>39,735</u>	<u>-</u>	<u>2,899</u>	<u>42,634</u>
Net Book Value at 31 July 2024	<u>40,978</u>	<u>256</u>	<u>2,473</u>	<u>43,707</u>

Inherited land and buildings were valued for the purpose of the 1994 financial statements on the basis of depreciated replacement cost by a firm of independent chartered surveyors.

Land and buildings include land valued at £1.355m (23/24: £1.355m). The historic cost of these assets is nil. Assets under construction comprises of two capital projects that were on going at 31 July 2025. Amounts brought forward of £256k relate to the development of Ward 10 at University Hospital Hartlepool which was opened in September 2024. These works were funded by the Local Skills Improvement Fund (LSIF).

The total cost and net book value of assets funded by government grants is as follows:

	2025 £000	2024 £000
Cost	42,509	42,159
Net book value	30,799	31,808

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

13. INTANGIBLE FIXED ASSETS – CONSOLIDATED & COLLEGE

	Licences £000	Total £000
Cost or Valuation		
At 1 August 2024	-	-
Additions	10	10
Disposal		
At 31 July 2025	<u>10</u>	<u>10</u>
Amortisation		
At 1 August 2024	-	-
Charge for the period	1	1
Disposal		
At 31 July 2025	<u>1</u>	<u>1</u>
Net Book Value 31 July 2025	<u>9</u>	<u>9</u>
Net Book Value at 31 July 2024	<u>-</u>	<u>-</u>

The total cost and net book value of assets funded by government grants is as follows:

	2025 £000	2024 £000
Cost	-	-
Net book value	-	-

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

14. INVESTMENTS

	College 2025	College 2024
	£	£
Investment in subsidiary company at cost	2	2

The College owns 100% of the issued £1 ordinary shares of Hartlepool Business Development Centre Limited, a company incorporated in England and Wales. During the year, the principal activity of the company was the provision of education and training courses for industry and commerce and commercial activities including restaurant, conferencing and gym as well as operating as an apprenticeship training agency, under the trading name of Flagship Training Solutions. During the year, HBDC ceased to trade, and it is the intention of the College to make the trading subsidiary dormant, allowing the College to focus on its core aims.

In the prior year a provision was included within the financial statements of the College amounting to £76k in relation to the net write off of amounts owed to it by the subsidiary. Approval was granted by the DfE in relation to the notion of making the HBDC dormant and writing off any irrecoverable amounts owed to the College. During the current year the provision was released, and the net intercompany balance amounting to £72k was written off.

15. DEBTORS

	2025	2024
	£000	£000
Consolidated:		
Amounts falling due within 1 year		
Trade debtors	62	254
Prepayments & accrued income	1,051	549
Amounts owed by the ESFA/DFE	564	495
	1,677	1,298
College:		
Amounts falling due within 1 year		
Trade debtors	62	238
Amounts owed by subsidiary undertaking	-	60
Prepayments & accrued income	1,051	549
Amounts owed by the ESFA/DFE	564	495
	1,677	1,342

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025 £000	2024 £000
Consolidated		
Bank loans and overdrafts	400	382
Payments received in advance	37	40
Trade creditors	283	143
Other taxation and social security	253	201
Other creditors	297	274
Accruals	1,268	1,304
Deferred income – government capital grants	1,505	1,429
Amounts owed to the DFE	57	116
	<u>4,100</u>	<u>3,889</u>
College		
Bank loans and overdrafts	400	382
Payments received in advance	37	40
Trade creditors	283	141
Other taxation and social security	253	199
Other creditors	297	274
Accruals	1,268	1,302
Deferred income – government capital grants	1,505	1,429
Amounts owed to the DFE	57	116
	<u>4,100</u>	<u>3,883</u>

Included in accruals above is £477k (2024: £448k in respect of accrued holiday pay).

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2025 £000	2024 £000
Consolidated and College		
Bank Loans	4,482	4,882
Deferred Government Grants (Capital)	32,684	33,819
Payments on account - Capital Grants received in advance	3,164	2,616
Total Creditors falling due after more than one year	<u>40,330</u>	<u>41,317</u>

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

18. BORROWINGS

Consolidated and College	2025	2024
	£000	£000
Bank loan is repayable as follows:		
In one year or less	400	382
Between one and two years	420	400
Between two and five years	1,085	1,120
In five years or more	2,977	3,362
	4,882	5,264

As at 31st July 2025, the bank loan is in the form of an initial £9.5million term loan, 75% of which is fixed at a base rate of 4.45% plus 3.15% lending margin and is secured on a portion of the freehold land and buildings of the College.

19. PROVISIONS FOR LIABILITIES

Group and College

	Defined Benefit Obligation	Enhanced Pension	Total
	£000	£000	£000
At 1 August 2024	-	373	373
Additional provisions in the year	(16)	45	29
Utilised provision in the year	77	(31)	46
At 31 July 2025	61	387	448

The enhanced pension provision relates to the cost of staff who have already left the Colleges employment. been recalculated in accordance with guidance issued by funding bodies.

The principal assumptions for this calculation are:

	2025	2024
Interest rate/price inflation	5.5%	4.8%
Net interest rate/discount rate	2.7%	2.8%

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

20. DEFINED BENEFIT OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

Total pension cost for the year	2025	2024
	£000	£000
Teachers' Pension Scheme: contributions paid	1,474	1,148
Local Government Pension Scheme:		
Contributions paid	657	610
FRS102 (28) charge	76	107
Charge to the Statement of Comprehensive income	<u>733</u>	<u>717</u>
Total pension cost for the year within staff costs	<u>2,207</u>	<u>1,865</u>

Contributions amounting to £235,778 (2024: £212,091) were payable to the schemes at 31 July 2025 and are included within other creditors.

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates. The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

20. DEFINED BENEFIT OBLIGATIONS (continued)

As a result of the valuation, new employer contribution rates rose from 23.68% to 28.68% from April 2024.

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

The pension costs paid to TPS in the year amounted to £1,474,000 (2024: £1,148,000).

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Tyne and Wear pension fund in partnership with Teesside pension fund which is ran by Middlesbrough Council. The total contributions made for the year ended 31 July 2025 was £797k of which employer's contributions totalled £579k and employees' contributions totalled £218k. The agreed contribution rates for future years are 15.7% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2025 by a qualified independent actuary:

	At 31 July 2025	At 31 July 2024
Inflation assumption - CPI	2.75%	2.75%
Rate of increase in salaries	3.75%	3.75%
Rate of increase for pensions	2.75%	2.75%
Discount rate for scheme liabilities	5.8%	5.00%

Principal demographic assumptions

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 2025	At 31 July 2024
Retiring in 20 years:	Males	21.4	21.2
	Females	25.0	24.9
Retiring today:	Males	20.6	20.4
	Females	23.5	23.4

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

20. DEFINED BENEFIT OBLIGATIONS (continued)

The amounts recognised in the balance sheet are as follows:

	Value at 31 July 2025 £000	Value at 31 July 2024 £000
Fair value of plan assets	30,193	27,864
Present value of funded obligations	(20,473)	(22,415)
Net pensions asset	9,720	5,449
Effect of asset ceiling	(9,781)	(5,449)
Net liability recognised in the balance sheet	(61)	-

In the prior year, the value of the College's share of net assets of the Teesside Pension scheme was restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduce contributions from the plan. A corresponding charge was made to other comprehensive income in the prior period.

The Colleges share of the assets in the plan at the Balance Sheet date were:

	Fair Value of Assets	
	Value at 31 July 2025 £000	Value at 31 July 2024 £000
Equities	20,230	19,783
Property	7,548	7,245
Cash	2,415	836
Total fair value of assets	30,193	27,864

Changes in the present value of the defined benefit obligation are as follows:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Opening defined benefit obligation	22,415	21,371
Service cost (net of employee contributions)	663	639
Interest on scheme liabilities	1,126	1,084
Actuarial gain	(3,329)	(233)
Benefits paid	(620)	(644)
Contributions by scheme participants	218	198
Closing defined benefit obligation	20,473	22,415

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

20. DEFINED BENEFIT OBLIGATIONS (continued)

Changes in the fair value of plan assets are as follows:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Opening fair value of scheme assets	27,864	25,200
Expected return on assets	1,397	1,275
Actuarial gain	747	1,303
Contributions by employer	579	525
Contributions by scheme participants	218	198
Benefits paid	(612)	(637)
Closing fair value of scheme assets	<u>30,193</u>	<u>27,864</u>

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

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Amounts included in staff costs		
Current service cost	76	107
Amounts included in investment income		
Net interest on the net defined benefit pension liability	(19)	169
Amounts recognised in other comprehensive income		
Actual return on plan assets (Excl. net interest)	747	1,303

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgement means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced and it's not clear how this interacts with the investigations made by the UK Government's Actuary's Department therefore the potential impact if any, on the valuation of scheme liabilities remains unknown.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an FE body in the statutory sector closure, where there is no transfer or merger, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 12 November 2024.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

21. CONSOLIDATED ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2024	Cashflow	At 31 July 2025
	£000	£000	£000
Cash in hand and at bank	5,819	1,443	7,262
Bank loans	(5,264)	382	(4,882)
Net funds	555	1,825	2,380

22. CAPITAL COMMITMENTS

At 31 July 2025 the College had capital commitments of £102k (2024: £164k) in relation to ongoing capital projects, of which £nil (2024: £90k) is included within assets under construction.

23. FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	College and Group	
	2025	2024
	£000	£000
Computer Equipment		
Expiring within one year	93	66
Expiring between two and five years inclusive	189	104
Commitments contracted for at 31 July	282	170

24. RELATED PARTY TRANSACTIONS

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

No Governor has received any remuneration or waived payments from the College or its subsidiary during the year (2024: None)

Transactions with the funding bodies are detailed in notes 2, 15, 16 and 20.

Key management disclosure is given in note 7.

Hartlepool Business Development Company Ltd (HBDC) is a subsidiary company of the College and during 2024/25, the College sold services to HBDC of £50k (2024: £75k). At 31st July 2025, the subsidiary owed the College £nil (2024: £136k).

In the year ended 31 July 2024, the College made a provision of £76k within the accounts in relation to the anticipated write off of intercompany debts in the 2024/25 financial year. Approval was received from the DfE in the 2024/25 financial year and at the 31 July 2025 the net amounts written off was £72k.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2025

25. AMOUNTS DISBURSED AS AGENT

	2025 £000	2024 £000
Learner support funds		
16-18 bursary grants	471	432
Other funding body grants	319	251
	<hr/>	<hr/>
	790	683
Disbursed to students	(752)	(623)
Administration costs	(13)	(17)
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	25	43

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

The College distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting period ended 31 July 2025, the College received a total of £393k and disbursed £444k from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £nil for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £nil, of which £nil relates to funds that are in scope to be returned to DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £342k received from DfE, £458k disbursed to learners after charging £nil for administration costs, and total cumulative unspent funds of £nil, of which £nil was repaid to DfE.

26. POST BALANCE SHEET EVENTS

During the 2025 financial year the subsidiary company ceased to trade and amounts owed to the College were written off. It is the intention of the College to strike off the subsidiary within the next 5 months.

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Independent reporting Accountant's report on regularity to the Corporation of Hartlepool College of Further Education and the Secretary of State for Education acting through the Education and Skills Funding Agency

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 23 September 2025 and further to the requirements of the Department for Education (the "DfE") as included in the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the DfE, to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Hartlepool College of Further Education during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Framework and Guide for External Auditors and Reporting Accountants of Colleges and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of the accounting officer of Hartlepool College of Further Education and Corporation

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Corporation of Hartlepool College of Further Education (who are also the trustees for the purposes of charity law) are responsible for the proper conduct and financial operation of Hartlepool College of Further Education and appointment of the accounting officer.

Responsibilities of the reporting accountant

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 Framework and Guide for External Auditors and Reporting Accountants of Colleges.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Independent reporting Accountant's report on regularity to the Corporation of Hartlepool College of Further Education and the Secretary of State for Education acting through the Education and Skills Funding Agency (continued)

2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the College Financial Handbook, the accountability agreement with the Secretary of State for Education and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise or potential impropriety, where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Tests and evidence to support conclusion on regularity' guidance in the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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

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05/12/25