

# **HARTLEPOOL COLLEGE OF FURTHER EDUCATION**

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**Report and financial statements for the period  
1 August 2023 to 31 July 2024**

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# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body

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### NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2024.

#### Strategic update

The mission of the College is a simple one, "Excellence in Further and Higher Education to transform students' lives". 2023 marked the College's 175-year anniversary in delivering on our mission of high-quality education in Hartlepool and the surrounding areas. 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 circa 4,400 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 during the year we were one of 5 national FE Colleges awarded "Expert Apprenticeship training provider" status, allowing us to feed into 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.

An essential part of the College's intent is to ensure that it plays a key role in the community and is a vital contributor to local skills supply and to ensure the curriculum is closely aligned to local and regional labour market intelligence. The College's curriculum has been built around the strategic and economic focus from the Tees Valley and North East Local Skills Improvement Plans (LSIP) which were introduced during the last year. The North East LSIP identified 5 key priority sectors including Digital, Advanced Manufacturing, Construction, Health and Health Science and Transport and Logistics, with the Tees Valley LSIP covering the following priority sectors: Green Energy / Industrial Decarbonisation and Net Zero, Health and Social Care, Business and Professional Services.

In July 2023 the Tees Valley LSIP became a statutory document setting out 21 recommendations for change to skills provision in the Tees Valley and is managed by the Northeast Chamber of Commerce. Following in-depth consultation with employers from all sectors, employers shared their views on their future skill and provision needs based on industry expectations to 2026. Hartlepool College was awarded a share of the £2.5million of funding from the Local Skills Improvement Fund (LSIF) to provide new state-of-the-art facilities and support the LSIP. The College's provision has also been enhanced through the Hartlepool Towns Deal funding with the development of the Health and Care Academy, a collaborative initiative with North Tees & Hartlepool NHS Foundation Trust and the Centre of Excellence for Fabrication and Welding.

The LSIP has established a partnership approach across Tees Valley to maximise funding, avoid duplication and enhance the offer to businesses to strengthen the skills system in the Tees Valley and to ensure employers have access to the training and skills they need to support their business requirements.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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In the Tees Valley, the work of the LSIP builds upon a strong working relationship the College has developed with the combined authority to more than double the volume of adults being educated in skill-related qualifications. This work has largely focused on the transition to employment in priority areas of Manufacturing, Engineering, Construction and Health. The partnership between industry and the post-16 education sector must be strengthened and become more collaborative, with the LSIP driving employer engagement within the skills system.

In March 2024, the school of SEND launched a pilot program for a 14-16 cohort which was highly successful. An area of the College was compartmentalised and learners who participated in this pilot attended the College 2 days a week. The pilot offered experience in vocational areas such as sports, hairdressing, health studies and personal development. The College has worked closely with Hartlepool Borough Council to extend the pilot and increase the group size for 2024/25, which will better support the high needs learners with their education. SEND has seen significant growth in recent years, with an increase in the number of learners with diverse needs, including those with Education Health and Care Plans (EHCP) and Social, Emotional and Mental Health (SEMH) needs.

One of the key focus areas for the College over the last 18 months has been the capital development of our adjacent site at Exeter Street, the works were complete during the year and the official opening was on the 19th of April, the site was renamed the "Centre of Excellence for Fabrication & Welding" (COE). The site features 39 welding bays as well as a sub arc welding machine, which will help deliver the skills demands of the Tees Valley and wider region. The College utilised investment from the T Level Wave 4 DfE funding, the Town Deal in conjunction with our partners at Hartlepool Borough Council, as well as College capital investment.

<https://www.hartlepoolfe.ac.uk/whats-happening/news/College-unveils-new-centre-excellence>.

Hartlepool has many challenges, and the College plays a pivotal role in tackling the town's economic issues in developing a pipeline of skills and qualifications to meet local needs. According to the English Indices of Deprivation 2019, Hartlepool ranks as the tenth most deprived local authority in England, with further publications quoting 35% of the Town's children classed as living in poverty. The College has noted an increase in enrolments from these disadvantaged areas, with a 3.8%-point rise from 47.5% in 2022/23 to 51.3% in 2023/24 in learners from the most deprived parts of the country.

The College continues to adjust its financial regulations to remain compliant with the Managing Public Money and associated framework, the impact on the College continues to be minimal on our operations.

### **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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### 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 Board approved a motion to provide for the net liabilities of the (HBDC) and apply for formal DfE consent to make the company dormant, consent was granted on 12<sup>th</sup> November 2024.

### 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 pages 17. 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).

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 6 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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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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. Further invest in digital technologies and associated staff training across all curriculum areas. To attract and recruit the workforce of the future.

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. Develop comprehensive 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.
- 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, if not outstanding.
- 100% compliance with banking covenants.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### 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 92%) 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. The College position against all the above is reported to College Leadership Committee and is reported termly to the Board via relevant sub-committees.

In addition, the annual Financial Plan is approved by the Board via the Finance & General Purposes Committee and that Committee also has oversight of the Colleges financial health as reported in the Plan, Finance Record and verified by the Education & Skills Funding Agency. The College strategic aim is to deliver at least a good financial grading, however due to outperformance across most income streams, the College has delivered an outstanding financial position.

The Groups performance against other key financial indicators are as follows:

	2024	2023
Operating surplus before LGPS / enhanced provision charges	£1.094m	£805k
Operating surplus after LGPS / enhanced provision charges	£1.206m	£334k
Operating surplus/sector EBITDA as a % of income	8.9%	7.5%
Staff Costs as a % of income	60%	58%
Cash Balance	£5.819m	£4.865 m
Cash days in hand/liquidity	107	95
Borrowing as a % of income	25%	29%
Reliance on ESFA/DFE income	83%	85%

Included within the above cash balance is £2.6m of unspent capital grants that will be utilised and transferred to deferred capital grants in the next financial year, underlying cash position is £3.2m (2022/23 £2.3m), adjusted cash days in hand of 59.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### FINANCIAL POSITION

#### Financial results

The Group generated a consolidated operating surplus of £1.2m (2022/23: £334k) in the year. This result is inflated by some non-cash items, which include the net impact of grant release and associated depreciation charges as well as the notional interest and costs associated with the year end LGPS and enhanced pension provisions. When the notional interest and costs associated with the LGPS and enhanced pension provisions are excluded, the adjusted consolidated operating surplus amounts to £1.1m (2022/23: £805k).

Group income came in higher to budget at £21m (2022/23 £19.1m) showing significant growth in recent years. The underlying trading position was favourable, with most income streams ahead of expectations. ESFA/DFE core 16-18 student numbers were ahead and benefitted from some in year student growth, the teacher pension allocation was also increased during the year to compensate for a 5% increase applicable from 1st April, and the College also benefitted from some T Level funded students which attract a higher banding. Apprenticeships continue to show positive growth and accounted for £4.3m of the College's income (2022/23 £3.7m). Adult Education was also favourable at £3.3m, surpassing our funding allocation from the Tees Valley Combined Authority (TVCA).

Adult Learner Loan and Higher Education income remains relatively flat, with some courses moving into TVCA funded streams, as well as local appetite to take on student loans and financed qualifications. Other areas of non-core income also finished ahead, with the new 14-16 SEND pilot generating a small amount of revenue, as well as additional income from the increased student population using the College's food outlets and school facilities. The College has significant reliance on the ESFA/DFE for its principal funding sources, largely from recurrent grants. In 2023/24 the ESFA/DFE and TVCA (devolved ESFA/DFE budget) provided approximately 83% of the Colleges total income. (2022/23 85%)

The increased income facilitated additional costs, primarily within staffing expenditure of £11.8m (2022/23 £11m), as well as an increase in academic area spending and revenue expenditure costs associated with the capital developments throughout the year. Site expenditure continues to be a significant cost to the college including energy costs, an area the college is keen to invest in improving the energy efficiency of the campus.

The College balance sheet remains strong and well managed, tangible fixed assets increased to £43.7m (2022/23 £40.9m) largely linked to the Centre of Excellence for fabrication and welding facility at our adjacent site on Exeter Street. Debtors remained flat at £1.3m, with an increase in short term creditors due to capital grant funding and the trade creditors position which was relatively low at £143k (2022/23 £291k). The short-term liability creditor position increased due to accrued costs and deferred grants. Long term creditor liabilities increased to £41m (2022/23 £39m) due to an increase in the deferred capital grant receipts, long term bank loans decreased to £4.9m (2022/23 £5.3m) which improved the College's ratio of borrowing to income from 29% in 2022/23 to 25%.

The College year-end cash position increased to £5.8m at 31 July 2024 (2022/23: £4.7m). Included within the balances at both the current and prior financial year end were unspent capital grants amounting to £2.6m and £2.3m, respectively. The underlying cash position at the year end (excluding capital grants) therefore remains healthy, standing at £3.2m, ensuring compliance with banking covenants and improving the College's liquidity and cash days in hand.



# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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In the prior year, the College posted an increase to its defined benefit pension asset due to the review by its actuary Hymans, this resulted in an asset of £3.8m being posted. In the current financial year, the actuary has recommended that the asset ceiling be reduced to zero, which is posted against the College income and expenditure reserves, this reduced group reserves to £5.2m (2022/23 £7.9m). Underlying trading reserves increased due to the College post tax surplus.

The College owns 100% of the issued share capital of its subsidiary company, Hartlepool Business Development Centre Limited (HBDC). The Company provides education and training programmes for industry and commerce, together with conferencing. Any surpluses generated by the subsidiary are transferred to the College under gift aid, where there are sufficient reserves. In the current year the surplus was £7k (2022/23: £6k).

Prior to the year end, a decision was made to begin the wind down of HBDC with a view to ceasing trading in 2024/25 (subject to DfE approvals). As a result of this a provision of £76k has been made against the inter-company debtor of £136k, reflecting the amount unlikely to be received on closure of BDC, given its net liability position. Since the year end, the College has received approval from the DfE in relation to the request to make the HBDC dormant and to write off any irrecoverable amounts owed to the College.

### **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 £1.4m (2022/23 £1.2m), is up due to the increased growth in most revenue streams. Investing activities at £0.3m inflow (2022/23 £2.1m inflow) was the net impact of the Centre of Excellence facility transferring from assets under construction onboarded into acquisitions, and additional grant funding received during the year. Financing represents the borrowing from Barclays, with interest and capital repayments of £780k (2022/23 £779k) which reduced to the College borrowing from £5.6m to £5.3m.

### **Reserves policy**

The College has no formal Reserves Policy during 2023/24 but plans to implement one in the 2024/25 financial year. This will take into account 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.

The 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. However, over the past two 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 2023/24 financial year, the College aims to ensure that there are enough cash and reserves to meet the following: its current obligations, unanticipated costs, income shortfalls along with any other funding changes and the upkeep of the College premises. This will be reflected in the policy which will be implanted in the 2024/25 financial year.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

#### Future Developments

The College awaits the decision after a pause on curriculum reforms from the government to have a clear strategy for future developments of full-time 16-18 learners, this will take place in December 24. As of August 2024, the Adult Skills Fund (ASF) has replaced the previous Adult Education Budget (AEB), while ASF tailored learning has now taken over from the non-regulated and community learning formats, as well as formula-funded, non-regulated learning, creating new opportunities for employer-driven, innovative programming. This evolution allows Hartlepool College of Further Education to refine and expand its adult education offerings, aligning them closely with the local and regional skills needs and supporting Tees Valley and North East residents more effectively.

#### Student numbers

In 2023/24 the College has delivered activity that has produced £17.5m in funding body main allocation funding (2022/23 £16.2m). The College had approximately 4076 ESFA/DFE funded and 394 non ESFA/DFE-funded students.

#### Student achievements

The success rate for 2023/24 was 85.6% (2022/23 86.4%).

#### Curriculum developments

In 2023/24 the College taught T Levels for the first time, this covered four different subject areas - engineering, childcare, health and construction. An additional T Level started in September 2024 - Business and Administration. In other developments a new Centre of Excellence for Fabrication & Welding opened in April 2024, the £3 million facility created a lot of interest from employers resulting in more apprenticeship enrolments and further activity with commercial opportunities.

Curriculum developments in the Health and Care sector saw investment in a new nursery setting to deliver early years, along with a sensory room to aid with T Level delivery. The Health and Care Academy also officially opened at the University Hospital of Hartlepool in partnership with the College, NHS and Hartlepool Borough Council. There was also investment for ESports delivery with the purchase of new, customised computers and a dedicated room for this growing part of the curriculum.

The College became part of the Expert Apprenticeship Pilot with the DfE, one of only 13 providers and 5 GFE Colleges in England. This, coupled with the outstanding grade for apprenticeships from Ofsted in May 23 has further strengthened the apprenticeship curriculum and resulted in further growth. Curriculum developments in the Health and Care sector saw investment in a new nursery setting to deliver early years, along with a sensory room to aid with T Level delivery. The Health and Care Academy also officially opened at the University Hospital of Hartlepool in partnership with the College and Hartlepool Borough Council.

#### 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 2023 to 31 July 2024, 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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### 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 the Centre of Excellence for fabrication and welding.

#### *Financial*

The College has consolidated net assets of £5.3m (2022/23: £7.9m) and loan financing of £5.3m (2022/23 £5.6m).

#### *People*

The College employs 341 people, of whom 139 (2022/23: 140) are teaching 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.

#### *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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### PRINCIPAL RISKS AND UNCERTAINTIES

Outlined below is a description of some of the principal risks as perceived by the organisation in 2023/24. 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 ESFA/DFE. In 2023/24, approximately 83% 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

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

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### 4. *Changes to loan arrangements*

The Group operate 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

## STAKEHOLDER RELATIONSHIPS

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

- Students
- Funding bodies
- Tees Valley Combined Authority
- 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
- North East Combined Authority (NECA)
- Government offices, regional development agencies and local enterprise partnerships
- The local community
- 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	
	£5,016

Total pay bill	£11,736
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	5.4%
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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.

UK Greenhouse gas emissions and energy use data for the period	2024	2023
Energy consumption used to calculate emissions (kWh)	3,148,991	3,352,857
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	311	335
Owned transport	17	15
Total	328	350
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	300	315
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee-owned vehicle	17	17
<b>Total gross emissions in metric tonnes CO2e</b>	<b>645</b>	<b>682</b>

<u>Intensity ratio</u>	<b>2024</b>	<b>2023</b>
Metric tonnes CO2e per FTE staff member	3	3

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### **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.
- 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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

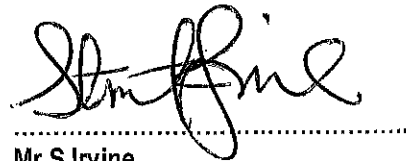
## Report of the Governing Body (continued)

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### Disclosure of information to auditor

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the 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 5th December 2024 and signed on its behalf by:



Mr S Irvine  
Chair of the Corporation



# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Report of the Governing Body (continued)

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### Key Management Personnel, Board of Governors, and Professional Advisers

#### Key Management personnel

Key Management personnel are defined as members of the College Executive and were represented by the following in 2023/24:

Darren Hankey Principal and CEO: Accounting Officer  
Shaun Hope Vice Principal (Resigned 4<sup>th</sup> February 2024)  
Michael Casey Vice Principal (Appointed 1<sup>st</sup> February 2024)  
Gary Riches Vice Principal  
David Williams Vice Principal

#### Board of Governors

A full list of Governors is given on page 17 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

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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 2023 to 31 July 2024 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 2019 and this was followed up in November 2020 to ensure actions had been completed. A governance self-assessment went to the board in July 2023, the College commissioned Stone King to complete a further independent review with draft findings complete in December 2023. 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 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	Committees served	Attendance in 2023/4
Mr S Irvine	01.08.18	4 years	01.08.22	External	5/5	Remuneration Search (Chair) Staff Appeals (Chair) Student Appeals Senior Staff selection (Chair)
Mr D Hankey	01.08.13	N/A		Principal	5/5	Finance and General Purposes Search Curriculum & Standards Senior Staff selection
Mrs M Roberts	13.03.21	4 years		Staff	4/5	Audit Search Student Appeals
Mrs A Bolton	01.08.21	4 years		External	5/5	Finance and General Purposes Remuneration (Chair) Student Appeals Staff Appeals Search Senior Staff Selection
Mr A Horne	01.01.21	4 years		External	3/5	Remuneration Curriculum & Standards Student Appeals Staff Appeals Senior Staff Selection
Mrs S Robinson	01.01.20	4 years	01.01.24	External	4/5	Curriculum & Standards Senior Staff selection
Mr H Hasnain	01.01.21	4 years		External	5/5	Finance and General Purposes Curriculum & Standards
Mr S Shaheen	01.01.21	4 years		External	2/5	Finance and General Purposes (Chair) Remuneration
Mr N Gray	10.11.22	4 years		External	4/5	Audit Committee
Ms S Flender-Bradley	20.02.22	4 Years		Staff	4/5	Audit Committee
Ms J Robinson	14.03.24	4 Years		External	2/2	Audit Committee
Mr S Smith	14.03.24	4 Years		External	2/2	Finance & General Purposes
Mr L Cranston	09.05.24	4 Years		External	1/1	Audit Committee
Mr A Kellehear	04.07.24	4 Years		External	0/0	Curriculum & Standards

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal Control (continued)

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Joanne Bryson was appointed Chair of Audit Committee to replace Stuart Irvine following his appointment to Board Chairman. She is not a governor, but the Terms of Reference of the Audit Committee permit the appointment of an external chair.

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, finance and general purposes, estates, curriculum and standards, remuneration, senior staff selection, staff appeals, student appeals and search. 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 and during 2023/24 received training in safeguarding, PREVENT and effective governance through Stone King. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

There is a clear division of responsibility in that the roles of the 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 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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal (continued)

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

### Corporation Performance

The Corporations Self-Assessment of its financial performance for 2023/24 is Outstanding.

### 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 2023/24.

Details of the remuneration for the year ended 31 July 2024 are set out in notes 7 and 8 to the financial statements.

### Audit Committee

The Audit Committee comprises three members of the corporation (excluding the Accounting Officer and Chair) and a co-optee. 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 3 times in the year to 31 July 23. The members of the committee and their attendance records are shown on page 17.

### Statement from the Audit Committee

Based upon our review of the College's risk management systems; of WBG Services LLP 2023/24 annual internal audit report; of the 2023/24 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. The specific areas of work undertaken by the Colleges internal auditors Wylie and Bisset during 2023/24:

Area	Planned Days	Actual Days	Status	Overall Conclusion
Procurement	6	6	Complete	Substantial
Funding Review - Apprentices	6	6	Complete	Substantial
Human Resources	6	6	Complete	Substantial
Capital & Grant Spend	6	6	Complete	Substantial
Management of Public Money	6	6	Complete	Substantial
Follow Up Review	4	4	Complete	Substantial

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal Control (continued)

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### 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 10-11.

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 2024 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 2024 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:

- 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 outsources its internal audit function to WBG Services LLP, in accordance with the requirements of the ESFA/DFEs 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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Statement of Corporate Governance and Internal Control (continued)

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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 external audit in autumn 2021 and re-appointed RSM UK Audit LLP as external auditors from January 2022. In June 2024, the Audit committee agreed to reappoint for a further 1-year extension in line with the contract.

### *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.

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 Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and these have now been reflected in the College financial Handbook in 2024, which has the effective date of 1 August 2024.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

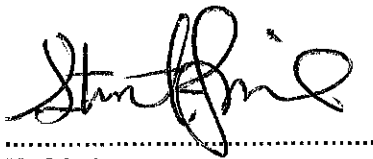
## Statement of Corporate Governance and Internal Control (continued)

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### Going Concern

Based on these financial statements, the College has improved 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 5th December 2024 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

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


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

I confirm that no instances of material irregularity, impropriety, funding noncompliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA/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 5th December 2024 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

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

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

## HARTLEPOOL COLLEGE OF FURTHER EDUCATION

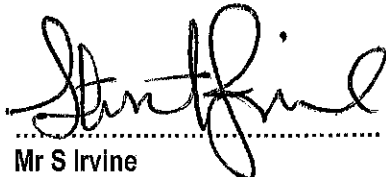
### Statement of the Responsibilities of the Members of the Corporation (continued)

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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 ESFA/DFE, and any other public funds, are used only in accordance with ESFA/DFE's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA/DFE, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA/DFE's bite size guides.

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 ESFA/DFE and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 5th December 2024 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

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### Opinion

We have audited the financial statements of Hartlepool College of Further Education (the "College") and its subsidiary (the "Group") for the year ended 31 July 2024 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 Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Groups and of the Colleges affairs as at 31 July 2024 and of the Groups and the Colleges deficit 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 Education and Skills Funding Agency.

### 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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRCs 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 groups or the Colleges 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

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### 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 Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- 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 page 20, 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 Groups and the Colleges 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 Group or 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

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### 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 group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operates in and how the group and 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 Education and Skills Funding Agency 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 and reviewing relevant correspondence with the main funding bodies.

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 and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income 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

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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 Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated June 2022. 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

06/12/2024

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Consolidated Statement of Comprehensive Income for the year ended 31 July 2024

	Notes	College		Group	
		2024 £000	2023 £000	2024 £000	2023 £000
<b>Income</b>					
Funding body grants	2	17,531	16,161	17,531	16,161
Tuition fees and education contracts	3	1,661	1,610	1,661	1,610
Research grants and contracts	4	89	124	89	124
Other Income	5	1,430	1,072	1,497	1,159
Investment income	6	318	53	318	53
<b>Total income</b>		<u>21,029</u>	<u>19,020</u>	<u>21,096</u>	<u>19,107</u>
<b>Expenditure</b>					
Staff costs	7	11,736	10,931	11,772	10,994
Other operating expenses	9	6,094	6,033	6,041	6,048
Depreciation	12	1,661	1,232	1,661	1,232
Interest and other finance costs	10	414	497	414	497
<b>Total expenditure</b>		<u>19,905</u>	<u>18,693</u>	<u>19,888</u>	<u>18,771</u>
<b>Surplus on continuing operations after depreciation of tangible fixed assets</b>		<u>1,124</u>	<u>327</u>	<u>1,208</u>	<u>336</u>
Taxation	11	-	-	(2)	(2)
<b>Surplus for the year</b>		<u>1,124</u>	<u>327</u>	<u>1,206</u>	<u>334</u>
Re-measurement of net defined benefit pension	18	(3,873)	5,529	(3,873)	5,529
<b>Total Comprehensive Income for the year</b>		<u>(2,749)</u>	<u>5,856</u>	<u>(2,667)</u>	<u>5,863</u>



# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Consolidated Statement of Changes in Reserves for the year ended 31 July 2024

Group	Income & Expenditure reserve £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1<sup>st</sup> August 2022</b>	924	1,137	2,061
Surplus for the year	334	-	334
Other comprehensive income	5,529	-	5,529
Transfers between revaluation and income and expenditure reserves	12	(12)	-
<b>Total comprehensive income for the year</b>	<b>5,875</b>	<b>(12)</b>	<b>5,863</b>
<b>Balance at 31<sup>st</sup> July 2023</b>	<b>6,799</b>	<b>1,125</b>	<b>7,924</b>
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)	-
<b>Total comprehensive income for the year</b>	<b>(2,655)</b>	<b>(12)</b>	<b>(2,667)</b>
<b>Balance as at 31 July 2024</b>	<b>4,144</b>	<b>1,113</b>	<b>5,257</b>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## College Statement of Changes in Reserves for the year ended 31 July 2024

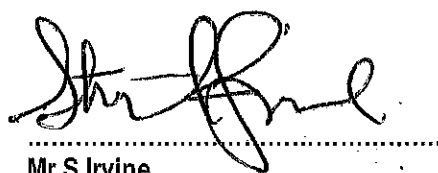
College	Income & Expenditure reserve £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1<sup>st</sup> August 2022</b>	1,003	1,137	2,140
Surplus for the year	327	-	327
Other comprehensive income	5,529	-	5,529
Transfers between revaluation and income and expenditure reserves	12	(12)	-
<b>Total comprehensive income for the year</b>	<b>5,868</b>	<b>(12)</b>	<b>5,856</b>
<b>Balance at 31<sup>st</sup> July 2023</b>	<b>6,871</b>	<b>1,125</b>	<b>7,996</b>
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)	-
<b>Total comprehensive income for the year</b>	<b>(2,737)</b>	<b>(12)</b>	<b>(2,749)</b>
<b>Balance as at 31 July 2024</b>	<b>4,134</b>	<b>1,113</b>	<b>5,247</b>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Consolidated Balance Sheet as at 31 July 2024

	Notes	2024 £000	2023 £000
<b>Fixed assets</b>			
Tangible assets	12	<u>43,707</u>	<u>40,952</u>
		<u>43,707</u>	<u>40,952</u>
<b>Current assets</b>			
Stock		12	12
Debtors	14	1,298	1,338
Cash at bank and in hand		<u>5,819</u>	<u>4,865</u>
		<u>7,129</u>	<u>6,215</u>
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	15	<u>3,889</u>	<u>3,509</u>
<b>Net current assets</b>		<u>3,240</u>	<u>2,706</u>
<b>Total assets less current liabilities</b>		<u>46,947</u>	<u>43,658</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(41,317)	(39,122)
<b>Provisions for liabilities</b>			
Defined benefit pension schemes	19	-	3,829
Other provisions	18	(373)	(441)
<b>Total net assets</b>		<u>5,257</u>	<u>7,924</u>
<b>Reserves</b>			
Income and expenditure reserve		4,144	6,799
Revaluation reserve		1,113	1,125
<b>Total reserves</b>		<u>5,257</u>	<u>7,924</u>

The financial statements on pages 30 to 59 were approved and authorised for issue by the Corporation on 5th December 2024 and were signed on its behalf by:



Mr S Irvine  
Chair of the Corporation



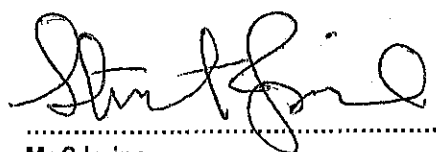
D Hankey  
Accounting Officer

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

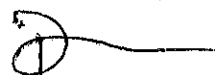
## College Balance Sheet as at 31 July 2024

	Notes	2024 £000	2023 £000
<b>Fixed assets</b>			
Tangible assets	12	<u>43,707</u>	<u>40,952</u>
		<u>43,707</u>	<u>40,952</u>
<b>Current assets</b>			
Stock		12	10
Debtors	14	1,342	1,580
Cash at bank and in hand		<u>5,759</u>	<u>4,672</u>
		<u>7,113</u>	<u>6,262</u>
<b>Current Liabilities</b>			
Creditors- amounts falling due within one year	15	<u>3,883</u>	<u>3,484</u>
<b>Net current assets</b>		<u>3,230</u>	<u>2,778</u>
<b>Total assets less current liabilities</b>		<u>46,937</u>	<u>43,730</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(41,317)</u>	<u>(39,122)</u>
<b>Provisions for liabilities</b>			
Defined benefit pension schemes	19	-	3,829
Other provisions	18	(373)	(441)
<b>Total net assets</b>		<u><u>5,247</u></u>	<u><u>7,996</u></u>
<b>Reserves</b>			
Income and expenditure reserve		4,134	6,871
Revaluation reserve		1,113	1,125
<b>Total reserves</b>		<u><u>5,247</u></u>	<u><u>7,996</u></u>

The financial statements on pages 30 to 59 were approved and authorised for issue by the Corporation on 5th December 2024 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 2024

	2024 £000	2023 £000
<b>Operating activities</b>		
Surplus for the year	1,206	334
<b>Adjustment for non-cash items</b>		
Depreciation	1,661	1,232
Investment income	(318)	(53)
Capital grants released	(1,346)	(929)
(Increase) in stocks	-	(2)
Decrease / (increase) in debtors	40	(421)
Increase in creditors due within one year	(141)	111
(Decrease) in provisions	(29)	(31)
Pension costs less contributions paid	(84)	509
Interest payable	414	431
<b>Cash generated from operations</b>	<u>197</u>	<u>847</u>
<b>Net Cash from operating activities</b>	<u>1,403</u>	<u>1,181</u>
<b>Cash flows from investing activities</b>		
Interest received	318	53
Purchase of fixed assets	(4,416)	(857)
Capital funding received	4,429	2,915
	<u>331</u>	<u>2,111</u>
<b>Financing activities</b>		
Interest paid	(414)	(431)
Repayments of borrowings	(366)	(348)
	<u>(780)</u>	<u>(779)</u>
<b>Increase in cash and cash equivalents in the year</b>	<u>954</u>	<u>2,513</u>
Cash and cash equivalents at the beginning of the year	4,865	2,352
Cash and cash equivalents at the end of the year	<u>5,819</u>	<u>4,865</u>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 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 14. 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 2023-4 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 2015 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 2024

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### 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 £3.135m are adequately sufficient to support its operational requirements. The current financial health grading of the College is expected to be measured by the ESFA/DfE as "Outstanding" for 31 July 2024 (July 2023: Good). The College's main source of income is derived by ESFA/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 2024/25 are ahead of the ESFA/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 Education Budget (AEB) 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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 1. ACCOUNTING POLICIES (continued)

#### 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.

#### 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.



# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 1. ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

#### Assets under construction

Assets under construction are accounted for at cost. They relate to ongoing capital projects incurred to 31 July. They are not depreciated until they are brought into use.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 1. ACCOUNTING POLICIES (continued)

#### 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

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.

#### 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 instrument.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 1. ACCOUNTING POLICIES (continued)

#### 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.

#### 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 receives no similar exemption in respect of value added tax. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure and capital costs are therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 1. ACCOUNTING POLICIES (continued)

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.

#### 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.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

### 1 ACCOUNTING POLICIES (continued)

#### 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 19, will impact 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 2024. 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.

### 2 FUNDING BODY GRANTS

	College		Group	
	2024 £000	2023 £000	2024 £000	2023 £000
<b>Recurrent grants</b>				
Education & Skills Funding Agency - adult	413	333	413	333
Education & Skills Funding Agency – 16-18	8,111	7,291	8,111	7,291
Education & Skills Funding Agency - apprenticeships	4,317	3,969	4,317	3,969
Education & Skills Funding Agency – other income	42	149	42	149
Tees Valley Combined Authority - adult	2,886	3,174	2,886	3,174
Tees Valley Combined Authority - other	9	6	9	6
<b>Specific grants</b>				
Teacher pension scheme contribution grant	500	382	500	382
Releases of government capital grants - ESFA/DFE	1,253	857	1,253	857
<b>Total</b>	<b>17,531</b>	<b>16,161</b>	<b>17,531</b>	<b>16,161</b>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2024

## 3 TUITION FEES AND EDUCATION CONTRACTS

	College		Group	
	2024 £000	2023 £000	2024 £000	2023 £000
Fees for FE loan supported courses	375	395	375	395
Fees for HE loan supported courses	1,007	1,002	1,007	1,002
<b>Total tuition fees</b>	<b>1,382</b>	<b>1,397</b>	<b>1,382</b>	<b>1,397</b>
Education contracts	279	213	279	213
<b>Total</b>	<b>1,661</b>	<b>1,610</b>	<b>1,661</b>	<b>1610</b>

Included within the above amounts are tuition fees funded by bursaries of £12k (2022-23: £14k).

## 4 RESEARCH GRANTS AND CONTRACTS

	College		Group	
	2024 £000	2023 £000	2024 £000	2023 £000
Other grant income and contracts	89	124	89	124
<b>Total</b>	<b>89</b>	<b>124</b>	<b>89</b>	<b>124</b>

## 5 OTHER INCOME

	College		Group	
	2024 £000	2023 £000	2024 £000	2023 £000
Catering and residences operations	481	360	481	360
High needs top up funding	716	470	716	470
Releases of deferred capital grants (non-funding council)	93	72	93	72
Other income	140	170	207	257
<b>Total</b>	<b>1,430</b>	<b>1,072</b>	<b>1,497</b>	<b>1,159</b>

## 6 INVESTMENT INCOME

	College		Group	
	2024 £000	2023 £000	2024 £000	2023 £000
Interest receivable	149	53	149	53
Net interest on defined pension liabilities (Note 19)	169	-	169	-
	<b>318</b>	<b>53</b>	<b>318</b>	<b>53</b>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 7. STAFF COSTS

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

	Number	
	2024	2023
Teaching staff	139	140
Teaching and other support services	47	54
Administration and central services	113	119
Premises	42	34
	<u>341</u>	<u>347</u>

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.

	College		Group	
	2024	2023	2024	2023
	£000	£000	£000	£000
Wages and salaries	9,010	8,107	9,046	8,156
Social security costs	825	748	825	753
Other pension costs incl. FRS102 adjustments of £107k (2023: £460k)	1,865	1,968	1,865	1,977
	<u>11,700</u>	<u>10,823</u>	<u>11,736</u>	<u>10,886</u>
Restructuring costs – Contractual	23	108	23	108
Contracting out staffing services	13	-	13	-
	<u>11,736</u>	<u>10,931</u>	<u>11,772</u>	<u>10,994</u>

Included within the prior year other operating costs are amounts totalling £78k relating to contracted out staffing services.

#### Severance payments

The College paid 1 severance payment in the year totalling £23k.

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

### 7. STAFF COSTS (continued)

	2024 £000	2023 £000
<b>Total staff costs, split by type of contract, were:</b>		
Employment costs for staff on permanent contracts	11,420	10,340
Employment costs for staff on short-term and temporary contracts	245	194
FRS102 retirement benefit charge	107	460
	<u>11,772</u>	<u>10,994</u>

#### 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

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	5	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 2024 No.	Number of staff 2023 No.
Emoluments excluding pension contributions:		
£25,001 - £30,000	0	1
£35,001 - £40,000	1	0
£40,001 - £45,000	1	0
£45,001 - £50,000	0	1
£60,000 - £65,000	1	0
£75,001 - £80,000	1	2
£80,001 - £85,000	1	0
£95,001 - £100,000	0	1
£105,001 - £110,000	1	0

During the year one member of the key Management personnel resigned and another was appointed in Feb 24, the continuing number of key Management personnel is 4.



# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 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

	2024	2023
	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.	347,259	323,907
Employers National Insurance	42,796	40,444
Pension contributions	79,253	72,086
<b>Total emoluments</b>	<u>469,308</u>	<u>436,437</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior postholder) of:

	2024	2023
	£	£
Salary	<u>106,927</u>	<u>99,890</u>
	106,927	99,890
Pension contributions	26,726	23,422
<b>Total emoluments</b>	<u>133,653</u>	<u>123,312</u>

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 2024

### 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.

	2024	2023
	No.	No.
Basic salary as a multiple of median basic salary of staff	4.08	3.52
Total remuneration as a multiple of median total remuneration of staff	4.51	3.74

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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Teaching costs	2,021	2,010	2,021	2,010
Non-Teaching Costs	2,761	2,944	2,814	2,929
Premises Costs	1,259	1,094	1,259	1,094
	<u>6,041</u>	<u>6,048</u>	<u>6,094</u>	<u>6,033</u>

	2024	2023
	£000	£000
<b>Surplus / Deficit before taxation is stated after charging:</b>		
Auditors' remuneration:		
Financial statements and regularity audit *	40	33
Internal audit **	16	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	-
Hire of land & buildings – operating leases	39	23
Hire of other assets – operating leases	81	70

\*Includes £48k in respect of the College (2022/23: £33k)

\*\*Includes £16k in respect of the College (2022/23: £16k)

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 10. INTEREST AND OTHER FINANCE COSTS

	2024 £000	2023 £000
On bank loans, overdrafts and other loans: Repayable wholly or partly in more than 5 years	414	431
Net interest on defined pension liabilities (Note 19)	-	66
	<u>414</u>	<u>497</u>

### 11. TAXATION

	2024 £000	2023 £000
UK Corporation tax	-	2
Corporation tax under accrued in prior year	2	-
	<u>2</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 2024

## 12. TANGIBLE FIXED ASSETS – CONSOLIDATED & COLLEGE

	FH Land and Building £000	Asset Under Construction £000	Equipment £000	Total £000
<b>Cost or Valuation</b>				
At 1 August 2023	51,377	511	2,766	54,654
Additions	-	2,581	1,835	4,416
Disposal	-	-	(3)	(3)
Transfer between classes	2,832	(2,836)	4	-
At 31 July 2024	<u>54,209</u>	<u>256</u>	<u>4,602</u>	<u>59,067</u>
<b>Depreciation</b>				
At 1 August 2023	12,131	-	1,571	13,702
Charge for the period	1,100	-	561	1,661
Disposal	-	-	(3)	(3)
At 31 July 2024	<u>13,231</u>	<u>-</u>	<u>2,129</u>	<u>15,360</u>
<b>Net Book Value 31 July 2024</b>	<u><b>40,978</b></u>	<u><b>256</b></u>	<u><b>2,473</b></u>	<u><b>43,707</b></u>
Net Book Value at 31 July 2023	<u><b>39,246</b></u>	<u><b>511</b></u>	<u><b>1,195</b></u>	<u><b>40,952</b></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 (2023/33: £1.355m). The historic cost of these assets is nil.

Assets under construction comprises of two capital projects that were on going or commenced within the 2023/24 financial year. Amounts brought forward of £511k and additions of £2,325k relate to the renovation of the College's Centre for Excellence for Fabrication and Welding. This project was completed in April 2024 and upon completion, costs were transferred to the relevant category and depreciated in line with the College's accounting policies. Amounts of £256k (amounts carried forward) relate to the development of Ward 10 at University Hospital Hartlepool which was not opened until September 2024. These works were funded by the Local Skills Improvement Fund (LSIF).

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2024

## 13. INVESTMENTS

	College 2024	College 2023
	£	£
Investment in subsidiary company at cost	<u>2</u>	<u>2</u>

The College owns 100% of the issued £1 ordinary shares of Hartlepool Business Development Centre Limited, a company incorporated in England and Wales. The principal activity of the company is 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. It is the intention, in the future, to make the trading subsidiary dormant, allowing the College to focus on its core aims. Approval was sought from the DfE in advance of the year end, in relation to the notion to make the HBDC dormant. Since the year end, the College has received approval from the DfE in relation to the request to make the HBDC dormant and to write off any irrecoverable amounts owed to the College.

## 14. DEBTORS

	2024	2023
	£000	£000
<b>Consolidated:</b>		
<b>Amounts falling due within 1 year</b>		
Trade debtors	254	120
Prepayments & accrued income	549	824
Amounts owed by the ESFA/DFE	495	394
	<u>1,298</u>	<u>1,338</u>
<b>College:</b>		
<b>Amounts falling due within 1 year</b>		
Trade debtors	238	66
Amounts owed by subsidiary undertaking	60	300
Prepayments & accrued income	549	820
Amounts owed by the ESFA/DFE	495	394
	<u>1,342</u>	<u>1,580</u>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £000	2023 £000
<b>Consolidated</b>		
Bank loans and overdrafts	382	365
Payments received in advance	40	60
Trade creditors	143	291
Other taxation and social security	201	219
Other creditors	274	257
Accruals	1,304	1,238
Deferred income – government capital grants	1,429	930
Amounts owed to the ESFA/DFE	116	149
	<u>3,889</u>	<u>3,509</u>
<b>College</b>		
Bank loans and overdrafts	382	365
Payments received in advance	40	50
Trade creditors	141	291
Other taxation and social security	199	204
Other creditors	274	257
Accruals	1,302	1,238
Deferred income – government capital grants	1,429	930
Amounts owed to the ESFA/DFE	116	149
	<u>3,883</u>	<u>3,484</u>

Included in accruals above is £448k (2022/23 £442k in respect of accrued holiday pay)

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024 £000	2023 £000
<b>Consolidated and College</b>		
Bank Loans	4,882	5,265
Deferred Government Grants (Capital)	33,819	31,527
Payments on account - Capital Grants received in advance	2,616	2,330
Total Creditors falling due after more than one year	<u>41,317</u>	<u>39,122</u>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

### 17. BORROWINGS

	2024	2023
Consolidated and College	£000	£000
Bank loan is repayable as follows:		
In one year or less	382	365
Between one and two years	400	382
Between two and five years	1,120	1,159
In five years or more	3,362	3,724
	<u>5,264</u>	<u>5,630</u>

As at 31st July 2024, 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. The variable loan facility was refinanced in July 2022 and £1 million repaid to Barclays as part of that process.

### 18. PROVISIONS FOR LIABILITIES

#### Group and College

	Defined Benefit Obligation £000	Enhanced Pension £000	Total £000
At 1 August 2023	(3,829)	441	(3,388)
Additional provisions in the year	3,913	(40)	3,873
Utilised provision in the year	(84)	(28)	(112)
<b>At 31 July 2024</b>	<u>-</u>	<u>373</u>	<u>373</u>

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

The principal assumptions for this calculation are:

	2024	2023
Interest rate/price inflation	4.8%	5.0%
Net interest rate/discount rate	2.8%	2.8%

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Notes to the Financial Statements for the year ended 31 July 2024

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## 19. 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 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.

<b>Total pension cost for the year</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,148	1,063
Local Government Pension Scheme:		
Contributions paid	610	454
FRS102 (28) charge	107	460
Charge to the Statement of Comprehensive income	<u>717</u>	<u>914</u>
<b>Total pension cost for the year within staff costs</b>	<b><u>1,865</u></b>	<b><u>1,977</u></b>

Contributions amounting to £212,091 (2022/23: £180,331) were payable to the schemes at 31 July 2024 and are included within 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- those 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.



# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

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### 19. DEFINED BENEFIT OBLIGATIONS (continued)

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).

As a result of the valuation, new employer contributions rates will rise to 28.68% from April 2024 (compared to 23.68% during 2018/19).

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 £1,148,000 (2022/23: £1,063,000)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Teesside pension fund which is ran by Middlesbrough Council. The total contributions made for the year ended 31 July 2024 was £582k of which employer's contributions totalled £418k and employees' contributions totalled £164k. The agreed contribution rates for future years are 15.2% 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 2024 by a qualified independent actuary:

	At 31 July 2024	At 31 July 2023
Inflation assumption - CPI	2.75%	3.00%
Rate of increase in salaries	3.75%	4.00%
Rate of increase for pensions	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%

#### 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 2024	At 31 July 2023
Retiring in 20 years:		
Males	21.2	21.3
Females	24.9	25.0
Retiring today:		
Males	20.4	20.5
Females	23.4	23.5

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

### 19. DEFINED BENEFIT OBLIGATIONS (continued)

The amounts recognised in the balance sheet are as follows:

	Value at 31 July 2024 £000	Value at 31 July 2023 £000
Fair value of plan assets	27,864	25,200
Present value of funded obligations	(22,415)	(21,371)
Net pensions asset	<u>5,449</u>	<u>3,829</u>
Restriction to level of asset ceiling	(5,449)	-
Net asset recognised in the balance sheet	<u>-</u>	<u>3,829</u>

The value of the College's share of net assets of the Teesside Pension scheme has been 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 has been made to other comprehensive income in the period.

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

	Fair Value of Assets	
	Value at 31 July 2024 £000	Value at 31 July 2023 £000
Equities	19,783	18,396
Property	7,245	5,796
Cash	836	1,008
Total fair value of assets	<u>27,864</u>	<u>25,200</u>

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

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Opening defined benefit obligation	21,371	26,851
Service cost (net of employee contributions)	639	946
Interest on scheme liabilities	1,084	948
Actuarial (gain)/loss	(233)	(6,919)
Benefits paid	(644)	(641)
Contributions by scheme participants	198	186
Closing defined benefit obligation	<u>22,415</u>	<u>21,371</u>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

### 19. DEFINED BENEFIT OBLIGATIONS (continued)

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

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Opening fair value of scheme assets	25,200	25,691
Expected return on assets	1,275	899
Actuarial gain/(loss)	1,303	(1,421)
Contributions by employer	525	478
Contributions by scheme participants	198	186
Benefits paid	(637)	(633)
Closing fair value of scheme assets	<u>27,864</u>	<u>25,200</u>

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

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
<b>Amounts included in staff costs</b>		
Current service cost	<u>107</u>	<u>460</u>
<b>Amounts included in investment income</b>		
Net interest on the net defined benefit pension liability	<u>169</u>	<u>-</u>
<b>Amounts recognised in other comprehensive income</b>		
Actual return on plan assets (Excl. net interest)	<u>1,303</u>	<u>(247)</u>

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 the contracted-out pension scheme between the 6<sup>th</sup> April 1997 and 5<sup>th</sup> 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. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

### 20. CONSOLIDATED ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2023 £000	Cashflow £000	At 31 July 2024 £000
Cash in hand and at bank	4,865	954	5,819
Bank loans	(5,630)	366	(5,264)
<b>Net funds</b>	<u>(765)</u>	<u>1,320</u>	<u>555</u>

# HARTLEPOOL COLLEGE OF FURTHER EDUCATION

## Notes to the Financial Statements for the year ended 31 July 2024

### 21. CAPITAL COMMITMENTS

At 31 July 2024 the College had capital commitments of £164k (2022/23: £2.528m) in relation to ongoing capital projects, of which £90k (2023: £511k) is included within assets under construction.

### 22. FINANCIAL COMMITMENTS

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

	College and Group	
	2024	2023
	£000	£000
Computer Equipment		
Expiring within one year	66	75
Expiring between two and five years inclusive	104	64
Commitments contracted for at 31 July	<u>170</u>	<u>139</u>

### 23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Colleges operations and the composition of the board of governors being drawn from local public and private sector organizations, 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 organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the Colleges financial regulations and normal procurement procedures.

Transactions with the funding bodies are detailed in notes 2, 14, 15 and 19.

Key management disclosure is given in note 6.

Hartlepool Business Development Company Ltd (HBDC) is a subsidiary company of the College and during 2023/24, the College sold services to the HBDC of £75k (2022/23 £100k). At 31<sup>st</sup> July 2024, the subsidiary owed the College £136k (2022/23 £300k) of which £76k has been provided for in the College's balance sheet relating to the non recovery of debts upon the winding down of the HBDC resulting in a net debtor of £60k.

### 24. AMOUNTS DISBURSED AS AGENT

	2024	2023
	£000	£000
Learner support funds		
Funding body grants	683	456
	<u>683</u>	<u>456</u>
Disbursed to students	(623)	(325)
Administration costs	(17)	(22)
Balance unspent as at 31 July, included in creditors	<u>43</u>	<u>109</u>

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.

### 25. POST BALANCE SHEET EVENTS

Post year end, the College has received approval from the DfE in relation to their request to make the HBDC dormant and to write off any irrecoverable amounts owed to the College, with the intention to close the HBDC in the future.

# 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

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### Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 15 June 2022 and further to the requirements of the accountability agreement, grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") and the Department for Education (the DfE") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Hartlepool College of Further Education during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions 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 2022 to 31 July 2023 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 Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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 Corporation of Hartlepool College of Further Education for regularity

The Corporation of Hartlepool College of Further Education is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Hartlepool College of Further Education is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

### Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

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.

## 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

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We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2022 have not been applied to 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 grant funding agreements and contracts with the ESFA/DFE and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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 acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Hartlepool College of Further Education and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Hartlepool College of Further Education and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

*RSM UK Audit LLP*

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06/12/2024